



MEKELLE UNIVERSITY

COLLEGE OF BUSINESS AND ECONOMICS

DEPARTMENT OF COOPERATIVE STUDIES

**“Factors Affecting Members’ Participation in SACCOs
In Gambella town, South Western Ethiopia”**

By:

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A Thesis

Submitted in partial fulfillment of the requirement for Masters of Art Degree

In

Cooperative Marketing

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APRIL, 2010

MEKELLE

Declaration

This is to certify that this thesis entitled “Factors Affecting Members’ Participation in SACCOs in Gambella town, South Western Ethiopia,” submitted in partial fulfillment of the requirements for the award of the degree of M.A, in Cooperative Marketing to the College of Business and Economics, Mekelle University, through the Department of Cooperative studies, done by Mr. Gnigwo Gala Gnigwo, Id No.CDANR/PR0019/01, is genuine work carried out by him under my guidance. The matter embodied in this project work has not been submitted earlier for award of any Degree or Diploma to the best of my knowledge and belief.

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Acknowledgments

First and foremost, I would like to extend my unshared thanks to the **almighty God** for providing me the opportunity and smoothening of all aspects regarding the program.

Several individuals deserve acknowledgement for their contribution to this study. In primacy, the keen and genuine instruction and guidance rendered by my advisor Professor **G.B. Pillai** deserves high appreciation to me. It is my sublime privilege to express my deepest sense of gratitude and indebtedness for his scientific guidance and ceaseless support through out the course of the research work in addition to restructuring and editing the thesis, which is obviously tiresome. His technical support and inventive comments have also been extremely helpful. In short, without the support of my advisor this thesis would not have been as interesting as it is now.

I am deeply beholden to **FCA** for giving me the scholarship and covering full tuition fee to pursue my M.A study and funding my research work as well as Gambella region Cooperatives Promotion Agency for paying my salary while studying this post graduate programme.

I would also like to express my sincere appreciation to my friend Mr. **Okogn Abela** for giving me laptop computer to write up my research and for his helpful comments during data analysis for this study and for his continuous encouragement. Words are not enough to express my ineffable love, gratitude and regard to my **family, parents, friends** and my **classmates** for their invaluable encouragement, support, advice and prayer not only during the course of my research but also during the entire course of my study.

My acknowledgment also extends to all my instructors, Prof. **G. B. Pillai**, Prof. **S. Nakkiran**, Dr. **Tesfatsion**, Dr. **Yasin**, Dr. **Kelemework Taffere**, Dr. **Shanta**, and Dr. **R. Dayanandan** for their contribution to the successful of my course work.

Last but not least, my special gratitude goes to the **enumerators** who helped me in the collection of the primary data, the **members of the sample respondents** who provided the needed data, the **members of focus group discussions** for their valuable cooperation in responding to my questions during data collection and Mrs. **Elsabeth Kalhayu** for her kindness and sisterly helping me in printing my research paper as a whole in three copies others term papers that covered all the costs which I would have expended for printing purpose.

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LIST OF ACRONYMS AND ABBREVIATIONS

A- Agree

A.A- Addis Ababa

ADLI- Agriculture-Development-Led-Industrialization

B/n- Between

CI- Credit Institutions

CGAP- Consultative Group to Assist the Poorest

⁰C- Degree Celsius (Centigrade)

D- Disagree

Dec. - December

E- East

Eth- Ethiopia

E.C- Ethiopian calendar

E.g. - For example

FAO- Food and Agricultural Organization

FCA- Federal Cooperatives Agency

FCC- Federal Cooperatives Commission

Feb. – February

FGD- Focus Group Discussion

Fig. – Figure

GCPA- Gambella Cooperatives Promotion Agency

GO- Government Organization

Gov't- Government

G.C. - Gregorian calendar

ICA- International Cooperative Alliance

Id. No.-Identity number

Ind'l- Individual

i.e. - that is to say

Jan.-January

Km- Kilometer

Mar. – March

N- North and also number

NGO- Non-Governmental organization

Nov. - November

Oct. – October

Orgⁿs- Organizations

PAD- Partially agree and partially disagree

Prof.- Professor

Qty- Quantity

ROSCAs- Rotating Savings and Credit Associations

SA- Strongly agree

SACCOs- savings and credit cooperatives

SD- Strongly disagree

SNNPRS- South Nations, Nationalities and people's Regional State

SPSS.12- Statistical Packages for Social Sciences version twelve

S/No. – Serial Number

UNDP- United Nations Development Programme

UNICEF- United Nations Children's Fund

UNO- United Nations Organization

U.S.A. - United States of America

WHO- World Health Organization

<- Less than sign

>- Greater than sign

%-Percentage symbol

&- And

“Factors Affecting Members’ Participation in SACCOs in Gambella Town, South Western, Ethiopia”

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ABSTRACT

The study was conducted in Gambella Town, South Western, Ethiopia with the objectives: (a) To study the extent of participation of members in SACCOs, (b) To identify the factors affecting members’ participation, and (c) To suggest suitable recommendations for improving participation of members in SACCOs.

To address the objectives of the study, both quantitative and qualitative methodologies were used in this study. Data were collected from primary and secondary sources. The primary data were collected through personal interviews from 115 members selected from six SACCOs by conducting formal survey using structured interview schedule and checklist for 4 FGD with 48 local community leaders and key communicators selected from the 5 kebeles to give their opinions which will help the SACCOs in the future.

Qualitative data were collected through focus group discussion with key community leaders and observations. This study used a two stage sampling procedure in which both purposive and random sampling techniques were used to select the SACCOs and sample respondents. Descriptive statistics such as frequency, mean, percentage, minimum, maximum and Pearson’s coefficient of correlation tools were used to analyze the data collected for the study with the help of SPSS-12.

Accordingly, in the analysis, the participation of members in the mobilization of their compulsory savings and the repayment of their loans were measured using time period such as before, on and after the specified period as well as never saved or repaid.

And in this case if a member saved before or on the specified period of collection, he/she is called active participant. But if he/she saved after the specified time frame, or, if never saved, he/she is called passive and non-participant.

The same is true for the repayment of loans but the difference is that those who neither took loans nor repaid, they are also grouped under passive participants because the reason might be due to the inadequacy of the released loan.

Participation in the rationality also was measured by considering the utilization of their rights given to them to give their unbiased ideas on the agendas of their SACCOs. Hence, they are called active participants if they utilized their right and passive participants if they had never used their uniform right which is stated in the bylaw and other laws.

As far as members' participation in the promotion of their SACCOs to introduce new members is measured by the times members used to promote the SACCOs. And here, if members engaged in the promotion activity regularly, they are called as active participants, if occasionally, they are called passive participants and if never engaged in, they are called non-participants.

The output of Pearson correlation analysis in table 4.19 indicates that sex is positively related with participation but statistically shown no significance value, age is negatively associated but not significant at either of the significance levels, family size only has positive relationship with members' participation and significant at Pearson value of 0.05 level, religion also has positive relationship but insignificant, educational status negatively associated with members' participation and also significant at P-value of 0.01 level and this output of educational status also works for occupation, savings mobilization, involvement in investment, loan repayment, awareness about cooperatives, business planning and promotion; but involvement in leadership and conflict resolution are positively related and significant; while the remaining variables such as monthly income, availability of other credit providing institutions, rationality and government interference shown no association and significant value.

Following the results in the descriptions of the variables, the researcher identified some factors that were playing a negative role in members' participation. These factors include: differences in terms of sex, large family size, giving more emphasis to other businesses, low level of monthly income, members' failure to mobilize their savings and to repay their loans before or on the specified time, lack of credit providing institutions, ineffective leadership, running the business without business plan and unexpected interference of the government in some of the affairs of the SACCOs.

CHAPTER I

INTRODUCTION

1.1. BACKGROUND

Cooperation is as old as human civilization. The evolution of family, community and ultimately the national and inter-national feeling spring out of the desire of men and women to cooperate with one another in order to overcome individual weakness.

The people began to realize the importance of unity and cooperative efforts at a time when individualism and the doctrine of laissez-fair was peak in 19th century. (Vishwanathan, 1994)

Ethiopia stands as the fourth largest in size and the second populous country in Sub-Saharan Africa; with a total area of 1097 thousand square kilometers and a population of 73,918,505 in 2007(CSA, 2007). The total labor force of the country constitutes at about 48 per cent of the population. The country is richly endowed with huge manpower, arable land and natural resources. However, much of its potential is not yet exploited. (Berhane, 2008).

The Ethiopian economy is largely based on agriculture; and productivity is generally very low. However, the natural resources potential is huge. In the past three decades, Ethiopia has seen the transition from a quasi-feudal monarchy through a centrally planned towards a market economy. Although this transition is yet far from being terminated, achievements in deregulating, privatizing and macroeconomic stabilization have been made, with drawbacks due to droughts and particularly the war with Eritrea. The future national development strategy aims at an Agriculture-Development-Led-Industrialization (ADLI) with a prominent role for microfinance, judiciary and civil service reforms, decentralization and empowerment, and capacity building in public and private sectors.(Al-Bagdadi and Bruntrup, 2002).

According to Al-Bagdadi and Bruntrup (2002), Ethiopia's formal financial sector is still underdeveloped and far from being liberalized.

Three state-owned banks still have a share of about 85% of all credits, six recently created private banks are mainly active in the urban areas. In general, the formal banks do not reach the urban poor, and even less the poor in rural areas. Cooperative system has been strongly fostered during the communist period and has collapsed with the regime, but recently revitalized due to the two new cooperative societies proclamations which have been launched in 1995 and 1998. The first proclamation provides for the establishment of primary and secondary agricultural cooperatives on voluntary basis and democratic principles whereas the latter proclamation aims to develop and promote savings and credit services for members to participate actively in the free market economy.

The savings and credit cooperatives (715 with about 157,000 members) are basically active in urban areas, and addresses employees only. There are still a few Government organizations active in the microfinance sector, but they are dwindling.

Ethiopia has a strong culture of informal financial systems. The informal financial sector in Ethiopia is one of the most important sources of finance for poor households. This sector accounts for about 78% of total agricultural credit (Aredo 1993). Within the informal financial system the major sources of loans are friends and relatives (66%), moneylenders (15%), and other (19%). A great number of rural and urban households are members of traditional savings and credit associations such as iqqub, iddir and mehaber. Iqqubs are the dominant forms, a kind of Rotating Savings and Credit Associations. (ROSCAs). Members of iqqubs meet weekly, bi-weekly, or monthly to collect fixed sums of payments. Likewise ROSCAs in most developing countries, iqqubs are not permanent clubs; they can be continued or dissolved after all members have their turns served.

While the iqqubs are dominated by the objective to transform small savings into lump sums, iddirs and mehabers are dominated by their social and religious objectives, for example to cover the cost of funerals and weddings.

More recently, savings and credit cooperatives (SACCOs) appeared in Ethiopia. The number of primary cooperatives increased from 19,147 in 2005 to 26,128 in 2009 G.C. while the total number of primary cooperative members increased from 3,911,834 in 2005 to 5,270,208 in 2009 G.C.

The total number of cooperatives unions was 143 in December 2007 and increased to 171, June 2009. According to the report, currently, the cooperative unions have 3,706 member cooperatives. (FCA, 2009).

However, even if such figural record of the number of cooperatives in Ethiopia is as such, there are a number of constraints that influence the successfulness of cooperatives especially SACCOs indicated by their members' participation.

Participation is a process by which members influence the direction scope and operations and activities of their cooperative. Members' participation is very crucial for the democratic functioning of the cooperatives. Members' participation leads to empowerment in the case of the poor and deprived sections of the community expressing their assertion through the vehicle of cooperatives. Members' participation is not only a tool for empowerment but also plays a crucial role in increasing the effectiveness of cooperative form of organization in achieving its goals. As they are owners, they attend meetings, have voting powers, make decisions, patronize their organizations, and give constructive suggestion. Full and active participation of members is very important for the growth of cooperatives. (Krishnaswami O.R and Kulandaishwamy V. 2000,).

According to the report of FCA (2008), there were no model cooperative societies in Gambella region including SACCOs but there are cooperatives in the region. But what enabled these cooperatives less transparent is not really known.

Therefore, this study is designed to study the factors affecting members' participation in SACCOs in Gambella town because the development of Cooperatives in Gambella region as a whole is not very impressive and it is under question.

1.2 STATEMENT OF THE PROBLEM

Cooperative societies serve the resource poor and down trodden people. The cooperative way is the best way to solve the twin problems of Ethiopia viz, poverty and unemployment. “Micro credit programme has successfully contributed to lifting people out of poverty in many countries around the world”, notes the UN resolution of 15 December 1998. Basically, the organizers of the cooperative societies are the beneficiaries of their societies themselves wherever they are. Experiences of different countries in the World show that the living standards of the poor, low income groups improved through cooperatives and cooperatives are said to be the keys of the poor people to strengthen their financial capacities. And this shows that there is a great role played by the cooperatives in alleviating poverty and unemployment problems.

However, when we come to our country, Ethiopia, the people from all corners of the country are still asleep against cooperatives. Cooperatives are being organized but do not show the sustainability nature of the thrived cooperatives.

Modern cooperatives in Gambella region as a whole were started in 1994 E.C when bureau of Cooperatives promotion was established in the region. This means, before that time there were no modern cooperatives in the region except the traditional ones like Iqqub and Iddir. And very recently, these traditional cooperatives have changed their forms to the modern ones being organized pursuant to the proclamation No.147/98. The standing roots of the cooperatives in Gambella region as a whole have no bases and since then, their growth is not ensured. Most of the times when their performances are inspected by the experts of the Agency of Cooperatives Promotion, the participation of some members was very passive. So, this research work is an attempt to measure participation and to use it to study the functioning of SACCOs in the study area.

1.3 OBJECTIVES OF THE STUDY

1.3.1 GENERAL OBJECTIVE

The general objective of the study is to study the factors affecting members' participation in SACCOs in Gambella town.

1.3.2 THE SPECIFIC OBJECTIVES

The specific objectives of the study are:

- ✓ To study the extent of participation of members in SACCOs,
- ✓ To identify the factors affecting members' participation, and
- ✓ To suggest suitable recommendations for improving participation of members in SACCOs.

1.4 RESEARCH QUESTIONS

This research work will answer the following questions:

- ✚ What is the extent of participation of members?
- ✚ What are the factors affecting members' participation?
- ✚ How is it possible to improve the participation of members?

1.5. SIGNIFICANCE OF THE STUDY

Actually, researchers in the world conduct studies purposefully. Researches are not conducted to be used only by the doers or researchers alone; there will be others who use the conducted studies. As far as this study is concerned, it will be used as a reference for:-

- Policy makers,
- Decision makers,
- Other researchers, as a secondary data for further studies, and
- It also paves the way for cooperatives' members to improve their participation in their cooperatives.

1.6. SCOPE AND LIMITATIONS OF THE STUDY

This study was conducted only in SACCOs found in Gambella town, South Western part of the country. It was devised only to study the factors affecting the participation of members by taking only 115 respondents as a sample size from a population of 744 members in the selected SACCOs and 48 local leaders to conduct FGD for their constructive opinions on the functioning of the existing SACCOs and this became effective. However, as it was proposed that PEI would be employed to measure the participation parameters of members, due to failure to get the appropriate software which can simply compute the formula in time, distance of destination to the university as well as budget to live in Mekelle city with, limited the work to employ simple descriptive statistics such as frequency, percentage, mean, minimum, maximum, standard deviation, and Pearson coefficient of correlation. In addition to these limitations, inaccessibility to internet and frequent disappearance of power in Gambella as well as lack of books limited the review of related literatures to few pages.

1.7. RESEARCH HYPOTHESIS

1. Sex does not have any association with participation in SACCOs.
2. Age does not have any association with participation in SACCOs.
3. Family size has positive relationship with participation in SACCOs.
4. Religion has positive relationship with participation in SACCOs.
5. Educational status has positive association with participation in SACCOs.
6. Occupation has positive relationship with participation in SACCOs.
7. Monthly income has negative association with participation in SACCOs.
8. Savings mobilization has positive relationship with participation in SACCOs.
9. Involvement in investment has positive association with participation in SACCOs.
10. Loan repayment has positive relationship with participation in SACCOs.
11. Availability of other credit institutions has negative association with participation in SACCOs.
12. Awareness about cooperatives has positive association with participation in SACCOs.

13. Involvement in leadership has positive relationship with participation in SACCOs.
14. Business planning has positive association with participation in SACCOs.
15. Conflict resolution does not have any association with participation in SACCOs.
16. Rationality has positive association with participation in SACCOs.
17. Government interference has negative association participation in SACCOs.
18. Promotion does not have any association with participation in SACCOs.

CHAPTER II

LITERATURE REVIEW

2.1. Basic Concepts

Review of previous research studies helps in delineating the problem areas and provides a basis for developing a conceptual framework for the study. This will also help in operationalizing the variables and concepts, on the basis of which required data could be collected. Since participation efficiency is a new area of social research, there is a dearth of literature of research studies on these fields for exhaustive review to project the results of similar studies. In the circumstances, everything has been done by the researcher to use internet and collect international references relevant to these areas.

2.1.1. Basic Concept of Savings and Credit Cooperatives

Germany was the first country in the world to apply the principles of cooperation in the field of credit. According to Winfred John A. and V.Kulandaishwamy 1986; in 1849, Raiffeise and Union in Aid of Impoverished Farmers' organized savings and credit cooperatives. The funds for this union were raised on the security of the rich persons of the locality (Ghislain, 2001).

The first savings and credit cooperative society in Ethiopia is the Ethiopian Air Line civil servant saving and Credit Cooperative Societies (SACCOS). It established in 1964/65. Until the year 2001, there was no rural savings and credit cooperative society in rural Ethiopia. The first rural savings and credit cooperative society in Ethiopia is Hidu primary savings and credit cooperative society. It is found in Oromia Regional State, East Showa Zone, and 'Error' Woreda at 'Hidu' farmers association (Kebele).

And the first rural savings and credit cooperative society was established in Tigray Regional State is '*Tembien Teree*' primary savings and credit cooperative society it is

found in South East Zone of Tigray Region in ‘Degua Tembien’ Woreda at ‘Addi Gezaeti’ farmers association or Kebele (unpublished RUFIP’ annual report, 2006).

Savings and credit cooperatives are user-owned financial intermediaries. They have many names around the world, including credit unions, SACCOs, etc. Members typically share a common bond based on a geographic area, employer, community, or other affiliation. Members have equal voting rights, regardless of how many shares they own. Savings and credit are their principal services, although many offer money transfers, payment services, and insurance as well.

Sometimes savings and credit cooperatives join together to form second -tier associations for the purposes of building capacity, liquidity management, and refinancing. Savings and credit cooperatives provide financial services to millions, including poor and low-income people in many countries. Thus, donors who want to increase access to financial services, especially savings, often support savings and credit cooperatives. Working with these cooperatives offers many advantages, but, to be effective, donors must learn how to overcome several unique challenges (CGAP).

Richard John Pelrine (2001) reported that saving and credit cooperatives are cooperatives and voluntary financial organizations owned and operated by members. Their purpose is to encourage savings by creating local deposit activities and then using the pooled funds to make loans for productive, consumer or social purposes to their members. Rural saving and credit cooperatives operate as farmers’ grassroots organizations, aimed usually at meeting the seasonal financial needs of their members, which other financial institutions do not satisfy.

According to Richard John Pelrine (2001), Cooperatives create the opportunity for people to take responsibility for their own financial organization. The democratic process is an integral part of the cooperative and encourages people to take control of their own financial affairs. Among the many advantages of saving and credit cooperatives are: savings are mobilized locally and returned to members in the form of loans; interest rate on both saving and loan are generally better than rates given by banks and the reasons for this is that saving and credit cooperatives have very loan overheads compared to banks;

educate their members in financial matters by teaching prudent handling of money; how to keep track of finances; how to budget and how keep away from hire purchases and how to be profitable. Members therefore take pride in owning their own saving and credit cooperative.

2.1.2. Concept of Participation

Participation is a process by which members influence the direction, scope and operations as well as activities of their cooperatives. According to International Cooperative Alliance (ICA), cooperation is a form of organization where members join together as human beings to satisfy their economic, social and cultural needs. The cooperatives are expected to attend less towards profits and more towards services. They are expected to supply essential goods on one hand and services on the other hand, as close to cost as possible. Other than the provision of economic services in terms of cheap availability of goods to the community, the cooperatives are conceived as social organizations which educate the people in economic management. (Selvaraj R. 2000,)

As defined by Davis (1969), participation is a mental and emotional involvement of a person in a group situation which encourages him to contribute to goals and shares responsibilities in them.

According to UNO (1979), participation means sharing by people the benefits of development, active contribution by people to development and involvement of people in decision making at all levels of society.

WHO (1982) defined participation as the process by which individuals, families or communities assume responsibility for their own health, welfare and develop the capacity to contribute to their own and community development.

Paul (1987) defined community participation as an active process by which beneficiary or client groups influence the direction and execution of a development project with a view to enhancing their well-being, of income, personal growth, self-reliance or values they cherish.

According to UNDP (1993), participation refers to the close involvement of people in the economic, social cultural and political process that affect their lives. People may, in some cases, have complete and direct control over these processes- in other cases; the control may be partial or indirect. The important thing is that people have constant access to decision making and power.

According to Vishwanathan (1994), participation is making the members participate in the economic activity and decision making. Participation in decision making is the only means to make them realize that they are the owners of the organization.

Participation is a generic term covering a broad range of activities ranging from one-shot problem identification exercise (E.g.: Participatory rural Appraisal) to continuing association in which rural communities and individual farm families play more active role. (Chowdhry and Gilbert, 1996).

The concept of community participation refers to the process by people who involve themselves in analyzing the local situation, identifying major problems, formulating action plans, mobilizing locally available resources, and executing development projects in order to access the benefits extended to the community at large or specific target groups during a given point of time.(Narayanaswamy and Boraian 1998).

As cited in Surendran (2000), French (1960) referred participation as a process in which two or more parties influence each other in making certain plans, policies, and decisions.

2.1.2.1. People's participation

Unless the involvement of the people is made from the beginning stage itself in any programme, it would become a thrust on the people.

Further, the felt-need of the people itself should be identified by the leader of group, to make it easy to bring them together and lead them into the action for development by creating a sense of ownership of the lasting assets.

Among the methods of activating and organizing the people for development programmes, it is important to decide basic promises, on which, the participation is built. They should organize themselves to assess the needs, have rational economic decisions, voluntary commitment of resources and labor etc. to break away dependency and have local control over the execution to achieve self-sustainable benefits. (Vishwanathan, 1994).

2.1.2.2. Members' participation

Members' participation is the act of taking part in any activity of the society by all members of the society. According to Selvaraj, in his book cooperative in the New Millennium, for effective functioning of the cooperative movement, enlightened members are the pole of the cooperative. These are members who are knowledgeable, about cooperatives and their ideals and philosophy. These members will make themselves aware of the problems and have the willingness to contribute to the progress of the cooperatives. Such membership ensures member participation in the business and managerial affairs of the cooperatives. Vigilant members prevent financial irregularities and the emergence of vested interest in cooperatives. Thus the health of cooperative improves. As against enlightened members, ignorant, sleepy, inactive, non-participative and indifferent members become a problem in themselves. They are prone to exploitation by the convert elements in the society.

According to Marcus, 1988, as cited in Vishwanathan, 2000, in the recently ICA initiated debate on basic values of cooperatives; members' participation has been the first. In more practical terms, members' participation is viewed in terms of participation in management, decision making and control; in business activities and in capital.

But with the growing size of the base level cooperative units, and emergence of vertical structures, decision making is gradually shifting away from the base level units.

Consequently, ensuring members' direct participation in planning, decision making and control has become difficult, but none-the-less, it is a challenge, that needs and has to be met.

Members' participation in business and capital, in some way is related to the performance of a cooperative, but also to the kind of services that a cooperative offers and the degree of integration that is achieved between the cooperative and the members.

2.2. Types of Participation

Midgley (1986) formulated a typology of four types of likely state's responses to participation in social development as follows.

a) Anti-participatory- The state acts on behalf of ruling class, furthering their interests, the accumulation of wealth and the concentration of power. Efforts to mobilize the masses for participation will be seen as a threat and suppressed.

b) Manipulative- The state supports the community participation, but does so for ulterior motives. The state desires to use participation for political and social control and recognition that community participation can reduce costs of social development programmes as it facilitates implementation.

c) Incremental- It is characterized by official support for participation ideas, but by an ambivalent approach to implementation that fail to support local activities adequately or to ensure that participatory institutions functions effectively. The state does not oppose participation, but fails to provide necessary backing to ensure its realization.

d) Participatory- The state approves fully of participation and responds by creating mechanisms for the effective involvement of local communities in all aspects of development.

Pimbert and Pretty (1997) suggested the following levels of participation. They are:

a) Passive participation- People participate by being told what is going to happen or has already happened.

b) Participation in information giving- People participate by giving answers to questions posed by extractive research and project managers.

- c) Participation by consultation-** People participate by being consulted and external agencies listen to their views. External agencies define problems and solutions.
- d) Participation for material sources-** People participate by providing resources. For example, labor in return of cash or food.
- e) Functional participation-** People participate by forming groups to meet pre-determined objectives relating to the project, which can involve the development or promotion of externally initiated social organizations.
- f) Interactive participation-** People participate in joint analysis, which leads to joint action plans and formation of new groups or strengthening of old ones.
- g) Self-mobilization-** People participate by taking initiatives independent of external institutions to change systems.

2.3. Measurements of Participation

According to Thomas & Charles (1998), Participation measures include attendance at meetings, serving on committees, serving as an elected officer, and recruiting other farmers to become members.

According to U.S.A, Department of Cooperative Service, Cooperative Information Report 1, Section 7, 1998, Members participation or responsibilities includes, attending general meetings, utilization of services, building cooperative capital stock.

2.4. Proneness of participation

Development aiming at rapid economic growth focuses on reduction of disparities in wealth and income, equality of opportunities, eradication of poverty and improvement in the quality of life of vast majority of people thus creating an egalitarian society based on growth with social justice. Cooperative institutions, s decentralized economic democratic units, can fulfill legitimate economic activities by enabling individual members to pool their resources for the production on viable scales. Especially in rural areas production units are small in size, numerous in numbers and scattered by nature with which no economic activity can be got along meaningfully, unless the individual efforts are

institutionalized on the basis of principles of self-help service and impulse mutual aid. (Vishwanathan, 1994).

2.5. Factors Affecting Participation

Clark (1991) identified the elements essential for securing active participation of farmers' groups such as: (1) small homogenous group; (2) supplementary income generation activities; (3) institutional credit; (4) group promoters; (5) training to group members; (6) group savings; (7) ready access to extension service; (8) participatory monitoring and evaluation; and (9) group self reliance. He also observed the indicators of self-reliance of farmers' groups as (1) regularity of group meetings and level of attendance; (2) shared leadership and member participation in group decision making; (3) continuous growth in group savings; (4) high rates of loans repayment; (5) group problem solving; and (6) effective link with extension and other development services.

Mukherjee (1997) observed that the level of participation tends to fluctuate with passage of time. Sometimes it remains at a low key and then takes off and/or dissipates.

While on other occasions, there emerges a high level community participation which slowly moderates itself and becomes steady.

Rehman and Rehman (1998) found out the factors which determine the nature of participation of the people in development programmes such as: (1) the willingness to participate; (2) the desirability to participate; (3) the representative nature of participants in the local bodies in terms of society as a whole or classes and castes; (4) the asset distribution pattern among the participants and the resultant dynamics in inter-relationships; and (5) the conflict of interests between the stakeholders and direct beneficiaries of the development programme.

2.6. Cooperative education

Education is the means by which the principles of cooperation are enabled to function effectively. Education in relation to the cooperatives means imparting of knowledge

about the principles, methods, aims and practice of cooperation among people and developing in them cooperative spirit and abilities to work together. Hence, cooperative education is needed to educate the members and to develop in them a sense of responsibility and an ability to take right decisions, and to prepare them to exercise their rights and responsibilities intelligently and honestly. The members must understand their rights and responsibilities and be vigilant to be active participants in their society. (Krishnaswami, O.R. and Kulandaiswamy, V. 2000).

2.7. Financial Resource

The term finance is defined as the management of the flows of money through an organization, whether it is a corporation, school, bank or other enterprises. Finance is the basic resource for the establishment of the society. The financial resources of primary cooperatives are very limited that might hinder great participation of members. They do not have the capacity to generate resources due to low margin in their business operations. Therefore, it would be better if these societies are provided with sufficient working capital at differential rate of interest. (Kulandaiswamy, V.2000).

2.8. Conflict Resolutions

Gubbels (1993) reported that distinct gradation of wealth, power and influence based on age, family origin, religion, occupation, gender and access to resources existed in most villages and often generated a conflict of interest. Bryson (1997) observed that conflicts occur as a result of disagreement, threat or opposition between individuals or groups or individuals within a group.

2.9. Member Economic Participation

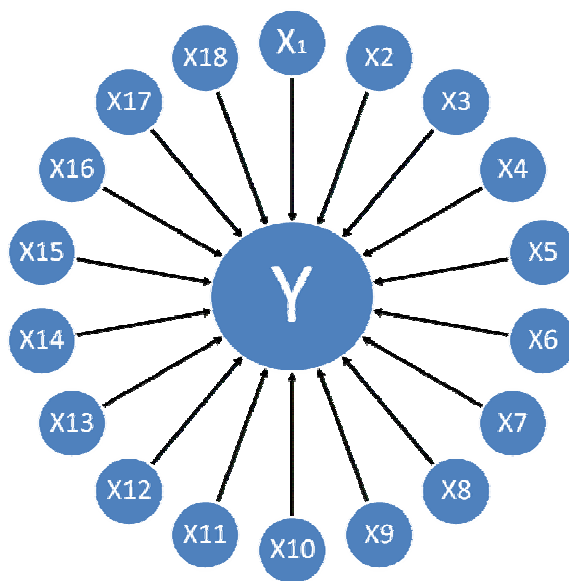
According to ICA's principle, members contribute equitably to, and democratically control, the capital of their cooperative. At least part of that capital is usually the common property of the cooperative. Members usually receive limited compensation, if any, on

capital subscribed as a condition of membership. Members allocate surpluses for any or all of the following purposes: developing their cooperative, possibly by setting up reserves, part of which at least would be indivisible; benefiting members in proportion to their transactions with the cooperative; And supporting other activities approved by the membership. Share ownership in the SACCO should be reserved for those individuals who conduct business with the SACCO. Participation in share ownership should be based on the amount of business a member does with the SACCO making risk proportional with reward and avoiding free riding. Voting rights should be based on membership and not on proportional ownership. Further, to be a voter, one must be a member and to be a member one must be an active client.

2.10. Conceptual Framework of Variables

The selected variables for this study are presented in the figure below and each is operationalized in the next chapter.

Fig.1. Diagram of Conceptual framework of variables



Where,

Y: Members' participation

X₁: Sex

X₂: Age

X₃: Family size

X₄: Religion

X₅: Educational status

x₆: Occupation

X₇: Monthly income

X₈: Savings mobilization

X₉: Involvement in investment

X₁₀: Loan repayment

X₁₁: Availability of other Credit Institutions

X₁₂: Awareness about coops

X₁₃: Involvement in leadership

X₁₄: Business planning

X₁₅: Conflict resolution

X₁₆: Rationality

X₁₇: Gov't interference

X₁₈: Promotion

CHAPTER III

MATERIALS AND METHODS

DESCRIPTION OF THE STUDY AREA

This study was conducted in Gambella town. Gambella National Regional State is one of the administrative regions of Ethiopia. It is located in the South-Western part of Ethiopia and borders two other regions- Oromia to the North and East and the SNNPRS to the South- and the country of Sudan to the West.

Gambella is the name of region as well as the name of regional capital and Woreda too. It is located between 7° 00'-8°37' N latitude and 33°00'-35°20'E longitude. It is 777 Km away from A.A and 1560 Km away from Mekelle city which is 783 Km away from A.A city. (Planning and Economic Bureau of Gambella Region, 2002 G.C)

Based on the 2007 census conducted by the Central Statistical Agency (CSA) of Ethiopia, the region has a total population of 306,916, consisting of 159,679 men and 147,237 women; where 77,878 or 25.37% of the population are urban inhabitants with an estimated area of 25,802.01 square kilometers.

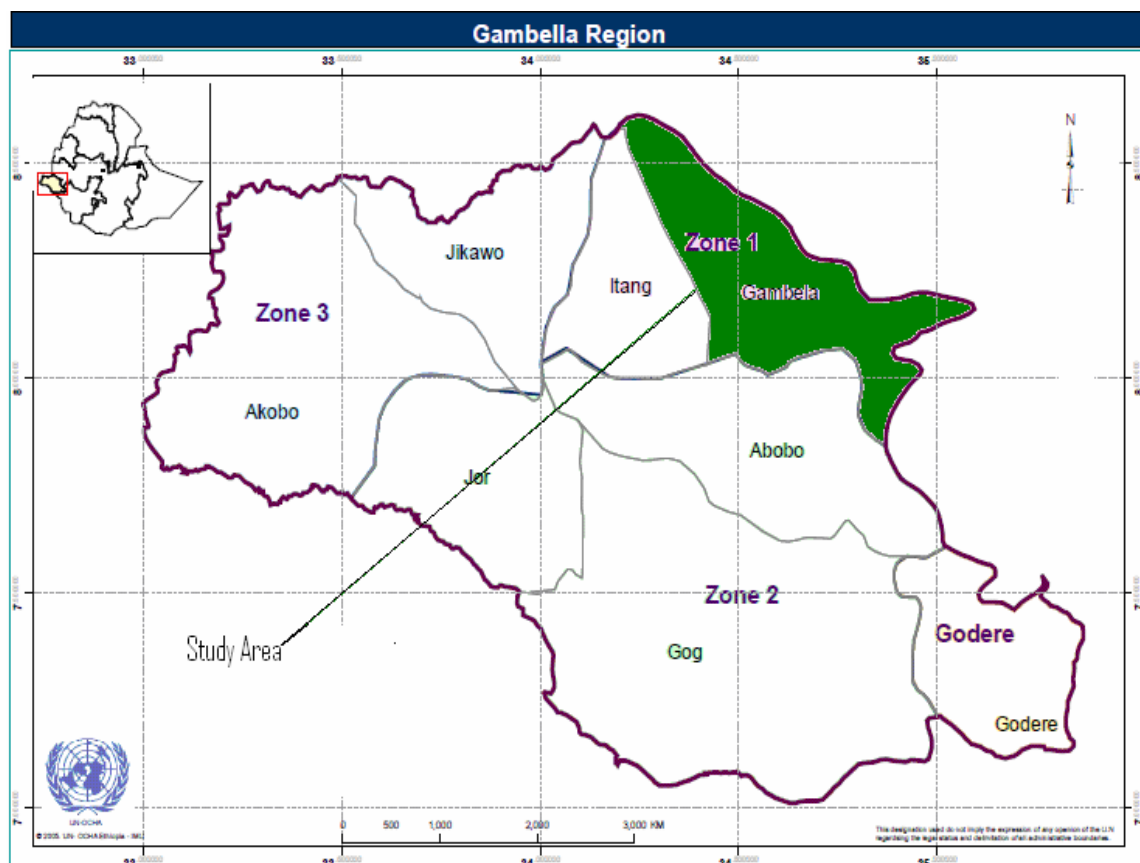
Gambella is flat and its climate is hot and humid. The region shows various topographic features. Its altitude ranges from 300-2,300 m.a.s.l. It is gently sloped to the western part and characterized by high plateau mountain peaks and rugged terrains in the east and north. The annual rainfall of an area with an altitude of 300-500m ranges from 900mm as the altitude rises. The mean monthly temperature of the region varies insignificantly throughout the year, that is, from 27°C-33°C. The absolute maximum monthly temperature is recorded in the mid- March, i.e, 45°C while the minimum is recorded in December as 18°C. The relative humidity increases during the wet season from 70-80% and abruptly decreases in dry season from 60-43%.

The maximum sometimes reaches 100% during the wet season while the minimum recorded in the dry season sometimes becomes 9 %.

Agro-ecologically, the region is predominantly lowland (Kolla) with a few midlands (Weynadega). Recession riverside, agriculture is common particularly; maize and sorghum are widely practiced by Agnuak people along the Baro, Gilo and Akobo rivers. As the region is generally not cereal self-sufficient, alternative income sources such as fishing are important sources of food. Wild food consumption is part of the daily dietary intake given the still partly untouched bush and natural forest resources.

Fig.2 Map of the study area

Map provided by Relief Web <<http://www.reliefweb.int/>>



Source: UN OCHA Ethiopia, 2005

Note: - According to the current structure of the region, five Woredas are added but they are not included in this figure. They are named as Lare, Mengeshi, Dima, Gambella (Abol) and Wantuwa Woredas.

3.2. SAMPLING TECHNIQUES AND SAMPLE SIZE

In the region, there are three nationalities' zones comprising 12 Woredas and one administrative district known as Gambella town.

And for this study purpose, Gambella town, which is also the regional capital, has been selected purposively for two main reasons such as:

- Data concerning cooperatives are available compared to other Woredas of the region, and
- Membership size of the SACCOs in it is higher and better enough for selecting respondents randomly.

3.3. SAMPLING FRAME

In Gambella town, there are 5 kebeles and according to the available sources in the register file of cooperatives in the regional Cooperatives promotion Agency, there were 15 SACCOs in these kebeles and for this particular study, out of these SACCOs 6 of them were randomly selected.

In addition, this study was carried out by means of survey method and the sample size of this study consisted of 115 respondents who are the 25% of membership size of each SACCO, selected randomly by applying probability proportionate to population size (PPS) of members; and the study mainly employed simple random sampling technique in the selection process of cooperatives and are presented in the following table:

Table 3.1: Sampling frame

S/N	Name of SACCOS	Kebele	No. of individual members in SACCOS			Sample SACCOS	Sample size of the respondents
			M	F	Total		
1	United family	01	42	4	46		
2	Lim	04	32	--	32	✓	8
3	Bruhi Tesfa	03	20	8	28		
4	Ekid	03	128	34	162	✓	41
5	Tesfa Lehidget	03	56	4	65		
6	Esu Balew	02	19	7	26		
7	Hidget Besra	03	21	2	23		
8	Merewa	04	18	7	25		
9	Newland	01	10	--	10		
10	Bikiltu	05	39	6	45	✓	11
11	Nigat	03	27	13	40		
12	Yiegna Metebaber	04	--	150	150	✓	38
13	Mat	01	35	--	35	✓	9
14	Mat-keil	01	25	--	25		
15	Lad-keil	02	32	--	32	✓	8
Total			509	235	744	6	115

Source: - Register of cooperative societies in GCPA

In addition, 48 key communicators including management council members and local leaders were selected to conduct 4 focus group discussions on the practical methods of improving participation of members in SACCOS. Therefore, this study consisted of a total of 115 respondents who were interviewed using structured interview schedule and 48 participants who attended the 4 focus group discussions based on checklist.

3.4. DATA REQUIREMENT AND SOURCES

For this study purpose, both qualitative and quantitative data were utilized from both primary and secondary sources. The primary data were generated by directly interviewing the randomly selected members of SACCOs and the secondary data were obtained from the available documents of different sources.

3.5. DATA COLLECTION METHODS AND TOOLS

Normally, data can be obtained from different sources; through different techniques or tools. In this case, the study utilized both qualitative and quantitative data from primary and secondary sources. The primary data were directly collected from the randomly selected member individuals using structured interview schedule and observation; where as the secondary data were collected by taking the existing information from the available sources. Two enumerators only were assigned to assist the researcher in collecting primary data from the sampled respondents of SACCOs due to insufficient budget.

3.6. METHODS OF DATA ANALYSIS

For this study purpose, based on the objectives, the relationship between the identified variables or factors was analyzed using Pearson's coefficient of correlation and other simple descriptive statistical tools such as frequency, percentage, mean, minimum, maximum, standard deviation and by presenting the result in each in table to measure the participation of members in the activities and managerial affairs of their SACCOs. In this case, SPSS-12 statistical software was employed to ease the work.

3.8. OPERATIONALIZATION OF VARIABLES

3.8.1 DEPENDENT VARIABLE

This study focuses specifically on members' participation in SACCOS as dependent variable. Hence, in this study, its operational definition is as follows:

Members' Participation: - refers to the act of taking part in managerial affairs which include the components of participation such as members' involvement in *decision making, business planning, conflict resolution, promotion, leadership*, as well as business activities of SACCOs such as **loan repayment, savings mobilization** and others by all members.

3.8.2 INDEPENDENT VARIABLES

For this particular study, the following variables are thought to have an influence on members' participation in SACCOs in Gambella. Therefore, these variables are operationalized accordingly.

Sex (X₁):-involves the condition of being either a male or a female. In cooperative societies if people have awareness about cooperatives values and principles, discrimination in terms of sex cannot be offered a room. Most of the times females are undermined by males in the work environments as they cannot act like men while they perform whatever it is, like men.

Age(X₂):- It refers to the number of years the respondent has attained at the time of conducting the interview.

Family size (X₃):-It refers to the number of members in his family. It positively affects individual's economic participation by reducing the amount he/she deposits if it is large (extensive) or medium.

Religion (X₄):-is a social factor that affects the participation of some members of the cooperative society like Islamic religion followers because logically, Muslims believe that they should not receive interest on their deposits in the banks. And this condition, if it is also reflected within the SACCOs, is said to have a positive influence on some members' participation.

Educational status (X₅):-acts as a channel of information which facilitates awareness creation about cooperatives and a source that generates employment and income as well, for the people. This variable indicates the formal years of schooling the respondent has completed. It positively affects the participation of members in their cooperative society if enlightened members are not found and do not carryout the activities of the cooperative society according to the nature of that particular society.

Occupation (X₆):-refers to business holding condition by the member respondents of the society. It is basically refers to the employment generated by the GO, NGO or self. It is an economic indicator which other members use it as a source of income by which members depend on to improve their living standards and seems to have positive relationship with participation of members.

Monthly income (X₇):-refers to the amount of money that respondents generate per month in birr and lead a life through which is obtained through different sources. It is an economic indicating term that is measured beginning from the first time when it is generated up to the end of the month.

Savings mobilization (X₈):-can be operationalized as the collection of the finance of members in every month to strengthen their financial status throughout their lives time in their societies. Poor saving habit may make a member inaccessible to loan.

Involvement in Investment (X₉):-refers to the involvement of members to engage in different investment areas for which they take loans from their SACCOs. If an individual member has no good area of investment, s/he may not be personally motivated to actively participate in the activities of the society. Therefore, it is hypothesized that it has positive relationship with participation.

Loan repayment (X₁₀):-refers to the activity that every member of the SACCO is supposed to repay the loan s/he takes based on its term. It is measured by the time span or duration which the loan is released for.

Availability of other credit institutions (X₁₁):- refers to the existence of credit providing institutions like micro-finance institutions where SACCOs with inadequate financial capacity take loans from to grow better until they become self-reliant organizations.

Awareness about cooperatives (X₁₂):-this is an important cooperation indicator that results after awareness has been created. It plays a great role in cooperative societies by doing things pursuant to the knowledge that is built about cooperatives.

Involvement in Leadership (X₁₃):-can be operationalized as the involvement of members in the administration of the members of their SACCOs and the business activities of the cooperatives by shouldering the responsibilities given by the General Assembly to the members. Good leadership depends on good leaders and instigates the members of the society to participate actively. Therefore, it is said have positive influence on members participation.

Business Planning (X₁₄):-refers to the plan that every SACCO prepares and uses it to run the business through it as a guideline, and that every member of the society prepares before taking loan to engage in his personal investment or before starting running the business.

Conflict resolution (X₁₅):-involves the resolution of disagreement that sometimes arises between or among members within the societies.

Rationality (X₁₆):-refers to the thinking ability of members in generation of ideas, evaluation of the generated ideas, evaluation of options, and making choice among options for actions of whatever the condition it is within their society. Decisions to be made must be fair and rationale considering the internal regulation and the conditions in the byelaws of the society.

Gov't interference (X₁₇):-refers to the involvement of government in the administrative affairs of the cooperatives especially in decision making which may discourage members' morale in their SACCOs' business operations because in principle, cooperatives are free from politics and government interference. They are ordained the same democracy to administer their own business affairs.

However, there are some conditions that need government interference; for instance, giving training, issuing legal license as well as giving cooperatives education in the government institutions can be quoted.

Therefore, if it is beyond these conditions, it may negatively affect some members' participation within their SACCOs.

Promotion (X₁₈):-refers to the involvement of members of the SACCOs in the popularizing of the importance of cooperatives in the services they render so as to attract others to join the cooperatives or to form their own.

CHAPTER IV

RESULTS AND DISCUSSION

This chapter specifically deals with the discussion of the results obtained from field survey carried out in Gambella town from the selected members of SACCOs to understand the level of their participation in their cooperatives, to identify the factors affected members' participation and to identify the most important and important suggestions given by the respondents, because the existing SACCOs in the study area have not shown any appreciable progress. Therefore, this section shows the results of the existing situation of members' participation in their SACCOs.

4.1. Sex

Operationally, sex involves the condition of being either a male or a female. In cooperative societies if people have awareness about cooperative values and principles, discrimination in terms of sex cannot be offered a room.

This section presents only the frequency and percentage of sex of the interviewed respondents during the survey which was analyzed using SPSS₁₂ as indicated in table 4.1.

Table:-4.1: Distribution of sample respondents based on their sex in their SACCOs

Sex	Frequency	Percent
F	42	36.5
M	73	63.5
Total	115	100.0

Source: Computed from field survey, December, 2009 - January, 2010

As far as the table 4.1 above is concerned, the result reveals that, 63.5 percent of the respondents of the SACCOs were male members, whereas the remaining 36.5 percent were female members. This big difference in size of sex of membership in the sampled SACCOs implies that women are not coming forward to form the SACCOs. This discrimination can hinder the participation of females in the overall activities and in the managerial affairs of the SACCOs either directly or indirectly. Therefore, this gender issue can be said to be a factor that affected members' participation in their SACCOs.

4.2. Age

Age refers to the number of years the respondent has attained at the time of conducting the interview. It is very important variable that determines the physical capability of individual members which enable them to engage in different investment projects. Under this section, the ages of respondents, after being analyzed using SPSS₁₂, they were categorized into three categories. Statistically, the mean, minimum, maximum and standard deviation calculated and are presented in table 4.2 as follows:

Table 4.2: Distribution of sample respondents based on their age category

S/No.	Age category	Frequency	Percent
1	14-30 (Younger)	10	8.7
2	31-45 (Middle)	82	71.3
3	46-60 (Older)	23	20.0
Total		115	100
Statistics			
N.....115			
Mean39.48			
Minimum24			
Maximum.....58			
Std. Deviation.....7.157			

Source: Computed from field survey, December, 2009 - January, 2010

As presented in table 4.2 above, the age of sample respondents who participated in the study ranged from 14 to 60 years. The mean age of the respondents was 39.48 years with the standard deviation of 7.157 and minimum and maximum of 24 and 58 respectively.

The respondents were placed under three age categories such as younger, middle and older age groups. The majority 71.3% of respondents fall in the category of middle age, i.e, 31 to 45 years, followed by older age group 20.0% ranging from 46 to 60 years, and younger age group 8.7% ranging from 14-30 years.

Although the range of age categories stands from 14 to 60 years, no respondent was found less than 24 years of age and no respondent also was found exceeding 58 years of age.

4.3. Family sizes

This part involves the distribution of the family sizes of the interviewed respondents by grouping them in ranges as presented below in table 4.3. operationally, it refers to the

number of members in his/her family which may positively affect individual's economic participation by reducing the amount he/she deposits if it is large (extensive) or medium. For this hypothesis, let us look at the field survey results in the following table 4.3.

Table 4.3: Distribution of sample respondents based on their family size

S.no.	Range of family size	Frequency	Percent
1	<2 persons	4	3.5
2	2-5 persons	26	22.6
3	6-9 persons	65	56.5
4	10 and above	20	17.4
Total		115	100

Source: Computed from field survey, December, 2009 - January, 2010

From the table 4.3 above, the result reveals that 3.5 percent lies on individual members alone; i.e, there were no others depending on the interviewed members, 22.6 percent had dependents ranging from 2 to 5, 56.5 percent had dependents lying in the range between 6 to 9 and the other 17.4 percent had dependents lying between 10 and above persons including the interviewees themselves.

4.4. Religion

This part involves the distribution of the religions of the interviewed respondents as presented below in table 4.3. Religion operationally was defined as a social factor that affects the participation of some members of the cooperative society like Islamic religion followers because logically, Muslims believe that they should not receive interest on their deposits in the banks.

And this condition, if it is also reflected within the SACCOs, is said to have a positive influence on some members' participation. In this study, members' religions were analyzed to know whether they can affect their participation in their SACCOs hypothesizing that there may be some religious norms which could prevent them from participation in their SACCOs.

Table 4.4: Distribution of sample respondents based on their religions

Religion	Frequency	Percent
Catholic	14	12.2
Orthodox Christianity	19	16.5
Protestant Christianity	82	71.3
Islam	0	0.0
Total	115	100.0

Source: Computed from field survey, December, 2009 - January, 2010

The result in table 4.4 above reveals that the majority of respondents who participated in the study were protestant Christianity followers counted as 82, accounted for 71.3 percent, 12.2% and 16.5% were catholic and orthodox Christianity followers respectively.

Here, we found that there were no Islamic religion followers who participated in the study.

This may draw an implication that the absence of Muslims in the study, perhaps, they were not interested to be the members of the existing SACCOs which were founded by non-Islamic religion followers or it may be because of their complying with their principle which does not allow them to receive interest on their exact money.

4.5. Educational status

Educational status acts as a channel of information which facilitates awareness creation about cooperatives and a source that generates employment and income as well, for the people. This variable indicates the formal years of schooling the respondent has completed. Hypothetically, it positively affects the participation of members in their

cooperative society if enlightened members are not found and do not carryout the activities of the cooperative society according to the nature of that particular society.

Table 4.5: Distribution of sample respondents based on their educational status

S.no.	Educational status	Frequency	Percent
1	Illiterate	11	9.6
2	Elementary sch. Completed (1 st -4 th)	15	13.0
3	Junior sec. sch. Completed(5 th -8 th)	32	27.8
4	Sec.sch. completed (9 th -12 th) (new and old ed ^{nal} curriculums)	25	21.7
5	Certificate holders after 10 th or 12 th grades	9	7.8
6	Diploma and above	23	20.00
Total		115	100

Source: Computed from field survey, December, 2009 - January, 2010

As indicated in table 4.5 above, 9.6 percent of the sample respondents were illiterates, 13.0 percent were found having attended elementary school grades (i.e, 1st to 4th), 27.8 percent had completed junior secondary school grades (i.e, 5th to 8th), 21.7 percent had completed grades from 9th to 12th (new and old educational curriculums), 7.8 percent were found holding their certificates after 10th and 12th grades leaving certificates and 20.0 percent were in the group of diploma holders and above.

4.6. Occupation

Occupation of the respondents operationally refers to business holding condition by the member respondents of the society. Basically, it refers to the employment generated by the GO, NGO or self. It is an economic indicator which other members use it as a source of income by which members depend on to improve their living standards and seems to

have positive relationship with participation of members. Therefore, the result of the field survey is presented as follows:

Table 4.6: Distribution of respondents based on their job holding (Occupation)

Attributes		Frequency	Percent
Valid	Gov't &Self employee	8	7.0
	Gov't employee	43	37.4
	NGO employee	4	3.5
	Self employee	56	48.7
	Unemployed	4	3.5
	Total	115	100.0

Source: Computed from field survey, December, 2009 - January, 2010

As presented in the table 4.6, the sample respondents were classified into five categories: gov't and self employee, gov't employee, NGOs employee, self employee and unemployed.

Hence, the result reveals that the majority of respondents were self employees, accounted for 48.7 percent, followed by gov't employees, accounted for 35.4 percent, again followed by gov't and self employees which has a percentage of 7.0, and 3.5 percent were NGOs employees and the remaining 3.5 percent also were unemployed.

This shows that the majority who were self employed and gov't employees could not give priority to their cooperatives' activities because they thought that if they give priority to their cooperatives' business activities as well as managerial affairs, they lose their individual profit and salary respectively. This variable influenced the participation of the majority in their SACCOs.

4.7. Monthly income

It was operationally defined as the amount of money that respondents generate per month in birr and lead a life through which is obtained through different sources. It is an

economic indicating term that is measured beginning from the first time when it is generated up to the end of the month. Monthly income is an important variable explaining the characteristics of households, in that those who have earning relatively high income could probably have high participation and the reverse is true. So, to prove this hypothesis let us see the results in table 4.7 below and the discussion.

Table 4.7: Distribution of respondents based on their total monthly income

S.no.	Monthly income category (in Eth Birr)	Frequency	Percent
1	100-500	21	18.3
2	501-1000	23	20.0
3	1001-2000	23	20.0
4	>2000	48	41.7
Total		115	100
Statistics			
N.....115			
Mean2293.6957			
Minimum150.00			
Maximum.....11000.00			
Std. Deviation.....2158.65393			

Source: Computed from field survey, December, 2009 - January, 2010

As indicated in table 4.7, the total monthly income of the sample respondents based on their occupations, they were categorized into four ranges: from 100-500 birr, 501-1000 birr, 1001-2000 birr and above 2000 birr. In this case, except for gov't and NGOs employees whose salaries are fixed, the total income of the rest varies depending on the market demand and supply of their products. However, as they were trying to estimate their total monthly income, we can see in the result in the table revealing that 18.3 percent fall in the range of 100 to 500 birr, 20.0 percent fall in the range of 501 to 1000 birr, other 20.0 percent fall in the range of 1001-2000 birr and 41.7 percent could

generate a total monthly income greater than 2000 birr. The mean monthly income was birr 2293.6957 and the minimum and maximum of monthly income was birr 150.00 and birr 11,000.00 respectively with standard deviation of Birr 2158.65393. This shows a great variation among respondents.

4.8. Savings mobilization

Savings mobilization can be operationalized as the collection of the finance of members in every month to strengthen their financial status throughout their lives time in their societies. Poor saving habit may make a member inaccessible to loan. Here, the extent of members' savings mobilization is analyzed using simple descriptive statistics and it is measured by looking at the specified period of depositing the compulsory savings whether members deposit before or on the specified period, or after the specified period or whether they never save, as it can be seen in table 4.8. Based on this measurement parameter, members are said to be active participants if they mobilize their savings before or on the specified period of collection, passive if they mobilize their savings after the specified period and non-participants if they never save.

Table 4.8: Distribution of sample respondents based on the extent of their Participation in mobilizing their savings

Attributes	Frequency	percent
Mobilizing saving based on its specified time frame		
a. Before the specified collection period	0	0.0
b. On the specified period	15	13.00
c. After the specified period	59	51.00
d. Never save except the initial payment paid during formation of the SACCO	41	36.00
Total	115	100

Source: Computed from field survey, December, 2009 - January, 2010

The result in table 4.8 above depicts that the majority of the interviewed 115 respondents used to pass the specific time of collecting their monthly savings. Consequently, members were categorized into four periodic levels to identify their participation in business affairs of their SACCOs such as those who used to mobilize their savings before the specified date of collection, those who used to collect theirs on the specified date, those who used to collect theirs after the specified period and those who had quit their participation by all means.

Hence, following this category as indicated in the table 4.8, 0.0 percent, 13.00 percent 51.00 percent and 36.00 percent were categorized as those who used to mobilize their savings before the specified collection period, those who used to collect theirs on the specified date, those who used to collect theirs after the specified date and those who had quit their participation by all means respectively. According to the measurement parameter of participation, this result implies that only 13 percent are said to be active participants and 36 and 51 percents are said to be passive and non-participants respectively.

4.9. Involvement in investment

Investment is an important variable that ensures the objective for which members' formation of their saving and credit cooperative society (SACCOs) which shows the direction for establishing own business enterprises. It refers to the involvement of members to engage in different investment areas for which they take loans from their SACCOs.

It is proposed that if an individual member has no good area of investment, s/he may not be personally motivated to actively participate in the activities of the society. Therefore, it is hypothesized that it has positive relationship with participation.

To reach at the tip of this hypothesis, the results of the field survey are presented below in table 4.9.

Table 4.9: Members' Ownership of personal investments and their Participation in giving priority to their SACCOs Vs other orgⁿs

Attributes	Frequency	percent
Own small business enterprise?		
a. Yes	56	48.7
b. No	59	51.3
Total	115	100
Priority given to		
a. Own enterprise	56	48.7
b. SACCO	12	10.4
c. Gov't organization (employer)	43	37.4
d. NGO (employer)	4	3.5
Total	100	100

Source: Computed from field survey, December, 2009 - January, 2010

Following the above hypothesis, the above table 4.9, infers that 48.7 percent of the respondents had engaged in their own business enterprises and the remaining 51.3 percent did not own their own business enterprises. As far as participation in own business enterprise versus in SACCOs is concerned, those who had their own business enterprises i.e, 48.7 percent of the respondent used to give priority to their own business enterprises rather than to their SACCOs. The remaining 51.3 percent i.e, 10.4 percent, 37.4 percent and 3.5 percent used to prioritize SACCOs, GO(for gov't employees) and NGOs(for NGO employees) respectively. Under this circumstance, giving priority to own business was identified as a factor affecting some members' participation in their SACCOs.

4.10. Loan repayment

Loan is a motor engine of SACCOs because it regenerates the capital of the SACCOs to stay alive. In this study it refers to the activity that every member of the SACCO is supposed to receive loan and repay the loan with interest s/he has taken based on its term. It is measured by the time span or duration which the loan is released for whether he/she repaid his/her loan before or on the specified period to be called active participant and whether he/she repaid after or never repaid to be called passive participant. Hence the result of loan repayment nature of the members is presented here below in table 4.10.

Table 4.10: Distribution of respondents based on their extent of participation in receiving and repaying their loans on the specified time.

Attributes		Frequency	percent
Loan(s) from SACCOs:	a. Yes	68	59
	b. No	47	41
	Total	115	100
Loan repaid:			
	a. Before the specified repayment period	0	0.0
	b. On the specified repayment period	29	25.2
	c. After the specified repayment period	35	30.4
	d. Received but never repaid	4	3.4
	e. Neither taken, nor repaid the loan	47	41.0
	Total	115	100

Source: Computed from field survey, December, 2009 - January, 2010

As indicated in table 4.10 above, 59 percent had participated in receiving the loan from their SACCOs but 41 percent did not receive any loan from their SACCOs since they became members. With regard to the repayment of loan for those who had taken as you can observe from the same table, 25.2 percent had repaid their loans on the specified repayment period, 30.4 percent repaid their after the specified period and 3.4 percent took but had not repaid yet, and remaining 41 percent neither taken, nor repaid.

According to the measurement parameter of members in loan repayment, only 25.2 percent are called active participants because they repaid their loans on the specified period and the remaining are called passive participants because some of them received but not repaid it yet and some of them did not participate in taking the loans from their SACCOs.

4.11. Availability of other credit institutions

This is a very crucial factor which plays a great role in supporting SACCOs financially in the form of loan to carry out their activities which their capacities do not permit. It refers to the existence of credit providing institutions like micro-finance institutions where SACCOs with inadequate financial capacity take loans from to grow better until they become self-reliant organizations. Here, the perception of the respondents about the availability of other credit providing institution can be proved as positive or negative depending on the respondents' viewpoints as presented in table 4.11.

Table 4.11: Members' perception on the availability of other credit providing institutions in the region and their influence on SACCOs

Attributes	Frequency	percent
Availability of other credit providing institutions in the region		
a. Yes	115	100
b. No	0	0
Total	115	100
SACCOs ever received any loan from the existing credit providing institution(s) (If any)		
a. Yes	41	35.65
b. No	74	64.35
Total	115	100
Members' participation has relation with the availability of other credit providing institutions in your locality for lending SACCOs?		
a. SA	96	83.5
b. A	18	15.7
c. P	1	0.8
d. SDA	0	0.0
e. D	0	0.0
Total	115	100

Source: Computed from field survey, December, 2009 - January, 2010

Table 4.11 reveals that 100 percent replied that there are other credit providing institutions in the region. However, the available credit providing institutions did not offer loans to the entire six sample SACCOs but to only one SACCOs known as Ekid, which comprises 41 sample respondents.

As a result, only 35.65 percent which were selected from Ekid SACCOs responded as their SACCOs had received loans in the past and the remaining 64.35 percent replied as their SACCOs had not received any loan since their establishment.

Again, from the same table, as far as the perception of respondents on the availability of other credit providing institutions in the region is concerned, 83.5 percent of respondents strongly agreed that the availability of other credit providing institutions in the region has strong relationship with members' participation, 5.7 percent agreed on the same issue and only 0.8 percent put itself in the middle as partially agreed and partially disagreed with the issue. Having no credit providing institutions in the region was one of the factors affecting members' participation in their SACCOs because they lack capital for lending their members.

4.12. Awareness about cooperatives

This is an important cooperation indicator that results after awareness has been created. It plays a great role in cooperative societies by doing things pursuant to the knowledge that is built about cooperatives. Knowledge is the generator of the world for doing things based on it. The results of the field are presented in table 4.12 below.

Table 4.12: Distribution of sample respondents based on their awareness about Cooperatives

Attributes	Frequency	percent
Meaning of a cooperative:		
a. Yes	80	70
b. No	35	30
Total	115	100
ICA principles of a cooperative:		
a. Yes	67	58.3
b. No	48	41.7
Total	115	100
Values of a cooperative:		
a. Yes	67	58.3
b. No	48	41.7
Total	115	100
Difference between SACCO and other types of cooperatives:		
a. Yes	74	64.35
b. No	41	35.65
Total	115	100
Purpose of organizing in your SACCOs:		
a. Yes	100	86.96
b. No	15	13.04
Total	115	100
Rights and duties given by GA in the by-law of SACCOs:		
a. Yes	74	64.35
b. No	41	35.65
Total	115	100

Source: Computed from field survey, December, 2009 - January, 2010

As it can be observed in the above table 4.12, the result infers that 70 percent of the respondents knew the meaning of a cooperative, but 30 percent of the respondents did not know the meaning of a cooperative. From the same table, 58.3 percent knew what ICA principles are and the remaining 41.7 percent did not know what they are. The same is true for the values of cooperatives. Following the same table, 64.35 percent knew the difference b/n SACCOs and other types of cooperatives and the remaining 35.65 percent were unable to describe the difference.

Again, from the same table result, it can clearly be observed that 86.96 percent knew the purpose for which they were organized in SACCOs but the remaining 13.04 percent did

not know the purpose. Lastly, 64.35 percent of the respondents replied that they knew their rights and duties given to them by the GA of their SACCOs and the remaining 35.65 percent replied as they did not know their rights and duties given to them by GA of their SACCOs.

4.13. Involvement in leadership

Leadership in this study can be operationalized as the involvement of the members in the administration of the members of their SACCOs and the business activities by shouldering the responsibilities given by the General Assembly. Good leadership depends on good leaders and instigates the members of the society to participate actively. Therefore, it is hypothesized that it has positive influence on members' participation. To prove this, let us see the results in table 4.13 and the discussion.

Table 4.13: Distribution of members' participation in utilizing their democratic right in exercising leadership in their SACCOs and its influence on participation

Attributes	Frequency	percent
Committee membership so far or, at this moment:		
a. Yes	23	20
b. No	92	80
Total	115	100
Extent of members' participation at this moment:		
a. Low	59	51.3
b. Medium	56	48.7
c. High	0	0.0
Total	115	100
Low level of members' participation resulted due to ineffective leadership:		
a. SA	30	26.0
b. A	34	29.5
c. PAD	17	15.0
d. SDA	6	5.2
e. DA	28	24.3
Total	115	100

Source: Computed from field survey, December, 2009 - January, 2010

As indicated in the above table 4.13, it reveals that only 20 percent of the interviewed respondents exercised their democratic rights in participating in the leadership positions of the their SACCOs and the remaining 80 percent of the respondents had not yet exercised their democratic right in participating in the leadership positions of their SACCOs.

Next to this, from the same table, it can be observed that 51.3 percent of the respondents were found in at the low level of participating in the leadership positions in their SACCOs, 48.7 percent were found at the medium level of participating in leadership and no one was found at the high level of participation in exercising leadership.

Again, from the same table, members were interviewed to give their opinions in reacting to the given alternatives whether they strongly agree, agree, partially agree or disagree, strongly disagree or disagree. Accordingly, 26.0 percent that strongly agreed low level of members' participation resulted due to ineffective leadership of the committees members, 29.5 percent agreed on the same reason, 15.0 percent partially agreed and disagreed on the same reason, 5.2 percent strongly disagreed with the reason and the remaining 24.3 percent disagreed that ineffective leadership could not be the reason for low level of members' participation in their SACCOs. Therefore, this is said to be another participation affecting factor of some members.

4.14. Business plan

Business plan in this study refers to the plan that every SACCO prepares and uses it to run the business through it as a guideline, and that every member of the society prepares before taking loan to engage in his personal investment or before starting running.

Table 4.14: Distribution of sample respondents based on their business plan development for their individual business enterprises and for SACCOs

Attributes	Frequency	percent
Preparation of own business plan before starting running the business		
a. Yes	10	8.7
b. No	105	91.3
Total	115	100
Business plan of SACCOs		
a. Yes	55	48.0
b. No	60	52.0
Total	115	100
Low level of members' participation resulted due to running the business without business plan:		
a. SA	43	37.4
b. A	37	32.2
c. PAD	12	10.4
d. SDA	15	13.0
e. DA	8	7.0
Total	115	100

Source: Computed from field survey, December, 2009 - January, 2010

Table 4.14 reveals that out of the interviewed respondents particularly, those who engaged in their own business enterprises 8.7 percent prepared their own business plans for their enterprises and 91.3 percent did not prepare business plans. In connection with this, 48.0 percent of the respondents replied that their SACCOs had no business plans and 52.0 percent replied that no business plans developed in their SACCOs. Again, it is presented in the same table that 37.4 percent of the respondents strongly agreed that the cause for low level of members' participation was running the business activities without guiding business plans in the SACCOs, 32.2 percent agreed on the same reason as it is an

influencing factor, 10.4 percent partially agreed and disagreed on the same reason, 13.0 percent and 7 percent strongly disagreed and disagreed on the same reason respectively.

4.15. Conflict resolution

Conflict is a situational variable that refers to the arising of disagreements among or b/n the members within the organization. Conflict resolution involves the resolution of disagreement that sometimes arises between or among members within the societies by means of arbitration or any resolution mechanism. As a result, the researcher obtained the results as follows:

Table 4.15: Distribution of sample respondents based on their participation in conflict resolution in their SACCOs

Attributes	Frequency	percent
Involvement in stabilizing the societal environment		
a. Yes	75	65
b. No	40	35
Total	115	100
Conflicts within your SACCOs have relationship with members' participation in your SACCOs		
a. SA	111	96.5
b. A	0	0.0
c. PAD	4	3.5
d. SDA	0	0.0
e. DA	0	0.0
Total	115	100

Source: Computed from field survey, December, 2009 - January, 2010

As indicated in table 4.14 above, 65 percent of the respondents have been participating in resolving conflicts which were arising among the members of the SACCOs and the rest 35 percent did not try to resolve the conflicts.

The same table reveals that among those who resolved conflicts, 61 percent replied that they have been facing difficulties while resolving the conflicts but only 4 percent replied that they resolved the conflicts without facing any difficulties. From the same table it can be observed that 96.5 percent strongly agreed that conflict is the caustic agent for failure of the SACCOs that emanated as a result of low level of members' participation in the managerial affairs and the business activities, and the remaining 3.5 percent partially agreed and disagreed with reason. So, the frequent existence of disputes or conflicts in SACCOs can be an influential factor of members' participation.

4.16. Rationality

Rationality refers to the thinking ability of members in generation of ideas, evaluation of the generated ideas, evaluation of options, and making choice among options for actions of whatever the condition it is within their society. Decisions to be made must be fair and rationale considering the internal regulation and the conditions in the byelaws of the society.

Table 4.16: Distribution of sample respondents based on their participation in rationality

Attributes	Frequency	percent
Used to give rational ideas on discussion point(s) or agendas:		
a. Yes	37	32.2
b. No	78	67.8
Total	115	100
Involvement in rational decision making within your SACCOs:		
a. Regularly (Frequently)	26	22.6
b. Occasionally (Sometimes)	56	48.7
c. Never	33	28.7
Total	115	100

Source: Computed from field survey, December, 2009 - January, 2010

As it can be observed from table 4.16 above, 32.2 percent of the respondents ever used to give their ideas during meeting or discussion, and 67.8 percent did not use to give to utilize their rights in the decision making forum of their SACCOs. Again, within this table, 22.6 percent used to involve in decision making regularly, 48.7 percent used to involve in decision making occasionally and 28.7 percent never participated in rational decision making.

4.17. Government's interference

This is a situational factor that was operationally defined as the involvement of government in the administrative affairs of the cooperatives especially in decision making which may discourage members' morale in their SACCOs' business operations because in principle, cooperatives are free from politics and government interference. They are ordained the same democracy to administer their own business affairs. However, there are some conditions that need government interference; for instance, giving training, issuing legal license as well as giving cooperatives education in the

government institutions can be quoted. Therefore, if it is beyond these conditions, it may negatively affect some members' participation within their SACCOs. So, government interference can be another factor that affects some members' participation in their SACCOs. The results obtained from the field which prove this hypothesis are presented here below in table 4.17.

Table 4.17: Perception of sample respondents regarding the influence of government interference in their SACCOs

Attributes	Frequency	percent
There are technical conditions where government comes and interferes in the affairs of your SACCOs		
a. SA	115	100
b. A	0	0.0
c. PAD	0	0.0
d. SDA	0	0.0
e. DA	0	0.0
Total	115	100
Government interference affects members' participation in your SACCOs:		
a. SA	21	18.6
b. A	34	29.56
c. PAD	26	22.6
d. SDA	11	9.65
e. DA	23	20
Total	115	100

Source: Computed from field survey, December, 2009 - January, 2010

The results of the survey in table 4.17 above infers that 100 percent strongly agreed that there are technical conditions where government comes and interferes in the administrative affairs and business activities of their SACCOs; and again in the same table, 18.6 percent strongly agreed with reason that government interference affects members' participation in their cooperatives, 29.56 percent agreed with same reason, 22.6 percent partially agreed and disagreed, 9.65 percent strongly disagreed with the same reason, and the remaining 20 percent disagreed with this reason as it does not affect their participation within their SACCOs.

This implies that if the government interference is beyond the conditions needed by the SACCOs members, it brings some members to quit their participation as SACCO does not belong to them.

4.18. Promotion

For this study purpose, this variable operationally was defined as the involvement of members of the SACCOs in the popularizing of the importance of cooperatives in the services they render so as to attract others to join the cooperatives or to form their own. The results obtained from the field about members' participation in the promotion of their SACCOs are presented in table 4.18 and are discussed below. In this case, members' participation in the promotion of their SACCOs is measured by the times members used to promote the SACCOs. And here, if members engaged in the promotion activity regularly, they are called as active participants, if occasionally, they are called passive participants and if never engaged in, they are called non-participants.

Table 4.18: Distribution of sample respondents based on their participation in the promotion of

Attributes	Frequency	percent
Popularizing the idea of cooperation:		
a. Yes=1	32	27.8
b. No=0	83	72.2
Total	115	100
Times used to promote SACCOs:		
a. Regularly	0	0.0
b. Occasionally	32	27.8
c. Never	83	72.2
Total	115	100

their SACCOs

Source: Computed from field survey, December, 2009 - January, 2010

As presented in table 4.18 above, 27.8 percent of the respondents replied as they have been popularizing the ideology of cooperation in the town to introduce new members to their SACCOs or others and 72.2 percent, which is the majority of the respondent, replied as they did not participate in the preaching of the cooperative ideology. Again in the same table, the result indicates that no regular participants in the promotion activity at all but only 27.8 percent used to promote their SACCOs occasionally and they are said to be passive participants, and 72.2 percent never participated in the promotion of their SACCOs to introduce new members to their SACCOs. This might happen because other members might not want new members to join their SACCOs, or, it might be because of lack of knowledge about the concept of cooperatives.

4.19. Relationship of the independent variables with the dependent Variable

To know the degree of association of dependent and independent variables, Pearson's coefficient of correlation was used to analyze the results obtained from respondents in the field using SPSS₁₂. To realize this, let us see the outputs in table 4.20 and their implications below.

Table 4.19: Relationship b/n Independent variables and Participation

Independent variables	Pearson correlation	Significance (2-tailed)	N
Sex	1	.	115
Age	-.127	.178	115
Family size	.210(*)	.024	115
Religion	.161	.086	115
Educational status	-.774(**)	.011	115
Occupation	-.310(**)	.001	115
Monthly income	.093	.321	115
Savings mobilization	-.664(**)	.013	115
Involvement in investment	-.779(**)	.001	115
Loan repayment	-.783(**)	.012	115
Availability of other credit institutions	.(a)	.	115
Awareness about cooperatives	-.502(**)	.013	115
Involvement in leadership	.379(**)	.014	115
Business planning	-.407(**)	.001	115
Conflict resolution	.963(**)	.016	115
Rationality	.(a)	.	115
Government interference	.(a)	.	115
Promotion	-.819(**)	.001	115

Source: Pearson correlation in SPSS₁₂

* Correlation is significant at the 0.05 level (2-tailed).

** Correlation is significant at the 0.01 level (2-tailed).

a Cannot be computed because at least one of the variables is constant.

The output of Pearson correlation analysis in table 4.19 indicates that sex is positively related with participation but statistically shown no significance value, age is negatively associated but not significant at either of the significance levels, family size only has positive relationship with members' participation and significant at Pearson value of 0.05 level, religion also has positive relationship but insignificant, educational status negatively associated with members' participation and also significant at P-value of 0.01 level and this output of educational status also works for occupation, savings mobilization, involvement in investment, loan repayment, awareness about cooperatives, business planning and promotion; but involvement in leadership and conflict resolution are positively related and significant; while the remaining variables such as monthly income, availability of other credit institutions, rationality and government interference shown no association and significance value because statistically it is displayed that each cannot be computed because at least one of the variables is constant.

Implications of the Pearson Correlation Output

The negative associations of the variables X and Y imply that the variables were not linearly related and this means that when X of the respondents increases, Y efficiency of the members decreases or when X decreases, Y increases. The positive associations of variables imply that the variables are linearly associated and they are directly proportional, i.e, when X increases Y also increases and when X decreases Y also decreases. The valueless variables identified imply that the results cannot be computed because at least one of the variables is constant.

As far as the output for sex is concerned, it implies that taking part in the managerial affairs and in the activities of SACCOs does not say "this affair or activity belongs to male or female"; both sexes today in the democratic environment are equal. Concerning age, its negative association implies that, the two variables were not linearly related and when age of the respondent increases, participation of the member decreases.

When coming to the probable reason for the output of family size of the respondents, it implies that both variables go together linearly because if an individual leads more

persons at home, it affects his/her economy which may result in failure to save or to repay the loan he/she might have received.

Regarding educational status, as indicated in table 4.19 above, the status of education might have nothing to do with members' participation in SACCOs because it is simply knowing the activities to be carried out in SACCOs and the mechanism to manage the SACCOs as everybody manages him/herself in his life regardless of education.

The same implication might be drawn to occupation because what is needed from any member of the SACCOs is not his occupation but it is generation of money from whatever the source he/ she gets income and complying with the rules and regulations of the SACCO. This reason also works for savings mobilization, involvement in investment, loan repayment, knowledge about cooperatives, business planning and promotion.

4.20. Suggestions for improving members' participation in their SACCOs

Suggestions which member respondents thought as helpful for the improvement of their participation in their SACCOs were given at the time of collecting primary data from members. The given suggestions are presented in table 4.20 below with their scores and ranks followed by the discussion of the results.

Table 4.20: Distribution of the Results of Suggestions given for improving members' participation in their SACCOs

S.no.	Attributes	Relative importance of the attribute						Score	Rank
		Most Important (3)		Important (2)		Not Important(1)			
		N	%	N	%	N	%		
1	Treating the existing members equally and opening the gate of the SACCO for new members to enter	87	75.65	28	24.35	0	0	311	3 rd
2	Educating members frequently about cooperative laws and other related topics of cooperatives for awareness creation	103	89.56	6	5.22	6	5.22	327	2 nd
3	Penalizing those who do not comply with the regulations of the SACCO, financially	56	49	52	45	7	6	279	6 th
4	Giving financial incentives, from the account of SACCO, to those who participate actively in the managerial affairs and activities of the SACCOs	111	96.5	4	3.5	0	0	341	1 st
5	Requesting the government to interfere in the managerial affairs which need technical support	87	76	20	17	8	7	309	4 th
6	Increasing additional shares to enhance the capital if there is shortage of capital	65	57	38	33	12	10	283	5 th
7	Leaders’ turnover should be made at any time without waiting for the term specified in the proclamation no. 147/1998 if problems get no appropriate solution	79	69	36	31	0	0	309	4 th

Source: Computed from field survey, December, 2009 - January, 2010

As indicated in Table 4.20, among the seven suggestions, respondents opined that giving financial incentives from the account of the SACCO is the most important suggestion for improving members' participation in their SACCOs in the Gambella town, and it was given the 1st rank for its score, followed by educating members frequently about cooperative laws and other related topics of cooperatives for awareness creation, treating the existing members equally and opening the gate of the SACCO for new members to enter, ranking from 2nd to 4th respectively but requesting the government to interfere in the managerial affairs which need technical support and leaders' turnover should be made at any time without waiting for the term specified in the proclamation no. 147/1998 if problems get no appropriate solution ranked 4th for scoring the same value. And lastly they were followed by suggestions such as increasing additional shares to enhance the capital if there is shortage of capital and penalizing those who do not comply with the regulations of the SACCO, financially, ranking 5th and 6th respectively.

4.21. Result of the Focus Group Discussion (FGD)

As it was proposed, 4 groups of 48 key communicators were selected from the existing 5 kebeles, each containing members of the administrative council and conducted one day discussion each basically on the functioning of these SACCOs, the services they have been providing to their members as well as the community, the improvement that has seen in the lives of their members socially and economically within the locality, and lastly on what is expected from the key communicators to strengthen these SACCOs. For the FGD, the data were directly recorded in the form of Minute as they were spoken out by the communicators of the group so as to simplify it for the analysis as follows. As a result, while discussing the issues, at the first time, there were two communicators who were the members of one SACCOs who tried to defend as there were no problems with regard to the functioning of their SACCOs. But, when the discussion went over, other communicators strongly argued as there were no well functioning SACCOs in the locality even if they are registered and licensed by the concerned government body.

At the end, the two defenders were convinced and all reached at a consensus of believing that the registered and licensed SACCOs were not well functioning but to some extent.

Again, with regard to the services rendered by these SACCOs, they responded as they did not know the services that these SACCOs would render to the community. Therefore, the focus group communicators lastly, agreed that there might be unseen services that these SACCOs have provided to the community. Next to this, as far as the improvement seen in the lives of members socially and economically is concerned, they agreed that there may be some members who lead better life but the fact; perhaps, those among the groups of better life leaders are government workers or those who run their own businesses. They replied in this way saying that it is because they did not know those who are the members of the SACCOs. Finally, concerning what is expected from them, different opinions of promise were raised by the group communicators like the following:

- Concerning the land these SACCOs may request, we can do as per our capacity permit,
- Concerning any supporting letter to be written to any loan provider institution or any donor, we can help them depending upon the contractual agreement that request our witness,
- Concerning the safety of the materials in their offices (if any), we do equipped local force whom we always patrol them in all kebeles to stand for all cases in the town together with regional and federal policemen as well as regional special force. So, if they request us to assign a fixed force to keep their properties in their offices(if any), we do not ask them to pay for the force; it is our mandate to cover the cost for the force,
- Whatever they ask us to do; we welcome them and give them priority to seek solution for their request if it is not beyond our capacity.
- But, the only thing that we also ask them to do is working strongly to benefit themselves first (the members) and lastly to benefit the community by the services they render because our people even at this time, leave alone unemployed, the government employees themselves lie under poverty level; so, they better strive to improve their living standards without frustration, and
- Finally, Agency of Cooperatives Promotion needs to frequently assess the status of where these cooperatives are, and what corrective measures are needed to be taken, and the like.

CHAPTER V

CONCLUSION AND RECOMMENDATION

5.1. CONCLUSION

Basically, cooperatives have different natures when they are organized by the people who want to utilize their services depending on their willingness and strength to stay sustainable in the business environments. In the business environment, different factors are a must to enter into the working environment of the cooperatives that test the sustainability nature of these cooperative societies, either to become weak or completely to scatter the members and dissolve without any gain. Therefore, here, what should be known by the business runners is that when planning to engage into the business environment first of all, SWOT analysis must be conducted to forecast the future tests and to set strategies for the challenges that may happen.

Actually, this study was conducted in Gambella region particularly in its capital known as Gambella town, on factors affecting members' participation in SACCOs. Obviously, in this region, the ages of modern cooperatives like savings and credit cooperative societies (SACCOs), consumers' cooperatives, multipurpose cooperatives, and etc, is 8 years old, which is still very young compared to the ages of other regions' modern cooperatives. This is because the establishment of these modern cooperatives followed the establishment of the Regional Cooperatives Promotion Bureau in Gambella National Regional State which was structurally became one among the bureaus in the region in October, 1994 E.C. It was after this time that these modern cooperatives began to show up in this region. In frank speaking, Gambella region is one among the nine national regions of the country which is known in its abundant resources and its lacking the manpower to utilize these resources; or, to open the gate to let these resources to be utilized by the needy people, i.e. by doing researches.

Saving and credit cooperative society is an integral part of development, which engages people in economic activities that enhance self-reliance.

Savings and credit scheme increases the productive potential of poor individuals whose capacities cannot permit them to strive individually.

As far as this study is concerned, first, the researcher selected the study area purposively. And in connection with this selection, since there were only 5 kebeles in the selected area, these 5 kebeles were entirely selected and, within these 5 kebeles 6 SACCOs were randomly selected. Again, with the same selection technique, from these SACCOs 25% of their population was selected randomly with probability proportionate to their sizes.

According to the analysis of the survey result, participation of members in savings mobilization and repayment of loans were measured using time period of depositing the compulsory savings and repayment of loans respectively as agreed on by the GA of the SACCOs. As a result, based on the result, only 13 percent of the respondents were called active participants for the reason that they used to deposit their savings on the specified collection period, 51 percent and 36 percent were called passive and non-participants respectively for the reason that they used to deposit their compulsory savings after the specified time frame and never save at all except the initial deposit during formation.

Similarly, with regard to members' participation in loan repayment 25.2 percent had repaid their loans on the specified repayment period, 30.4 percent repaid their after the specified period and 3.4 percent took but had not repaid yet, and remaining 41 percent neither taken, nor repaid.

Hence, according to the measurement parameter of members in loan repayment, only 25.2 percent are called active participants because they repaid their loans on the specified period and the remaining are called passive participants because some of them received but not repaid it yet and some of them did not participate in taking the loans from their SACCOs.

As far as members' participation in rationality is concerned, the measurement parameter is the usage of their rights to give their opinions during meeting. And accordingly, they are called active participants if they utilized their right and passive participants if they

had never used their uniform right which is stated in the bylaw and other laws. In this case, the result reveals that 32.2 percent of the respondents ever used to give their ideas during meeting or discussion, and 67.8 percent did not use to give to utilize their rights in the decision making forum of their SACCOs. Thus, they are called active and passive participants respectively.

Again, members' participation in the promotion activity to introduce new members to their SACCOs is measured by the times members used to promote the SACCOs. And here, if members engaged in the promotion activity regularly, they are called as active participants, if occasionally, they are called passive participants and if never engaged in, they are called non-participants. According to the result, no regular participants in the promotion activity at all but only 27.8 percent used to promote their SACCOs occasionally and they are said to be passive participants, and 72.2 percent never participated in the promotion of their SACCOs to introduce new members to their SACCOs. This might happen because other members might not want new members to join their SACCOs, or, it might be because of lack knowledge about the concept of cooperatives.

The output of Pearson correlation analysis in table 4.19 indicates that sex is positively related with participation but statistically shown no significance value, age is negatively associated but not significant at either of the significance levels, family size only has positive relationship with members' participation and significant at Pearson value of 0.05 level, religion also has positive relationship but insignificant, educational status negatively associated with members' participation and also significant at P-value of 0.01 level and this output of educational status also works for occupation, savings mobilization, involvement in investment, loan repayment, awareness about cooperatives, business planning and promotion; but involvement in leadership and conflict resolution are positively related and significant; while the remaining variables such as monthly income, availability of other credit providing institutions, rationality and government interference shown no association and significant value.

Following the results in the descriptions of the variables, the researcher identified some factors that were playing a negative role in members' participation. These factors include: differences in terms of sex, large family size, giving more emphasis to other businesses, low level of monthly income, members' failure to mobilize their savings and to repay their loans before or on the specified time, lack of credit providing institutions, ineffective leadership, running the business without business plan and unexpected interference of the government in some of the affairs of the SACCOs.

5.2. RECOMMENDATIONS

Today, the government policy and strategies are being executed by different sectors including cooperatives throughout the country. For the government policy and strategies to be achieved, cooperatives must be working strongly and effectively to ensure there participation in the designed policy. They should not be simply standing for names.

However, as it is said that “let bygones be bygones”, the researcher would like to recommend the following conditions based on the problems of the finding:

- ☞ Since one factor which might have caused low membership participation in their SACCOs is differences in terms of sex, it might exist due to lack of awareness about the principle of open and voluntary membership. Therefore, if this is so, cooperative promoters or organizers should frequently give cooperative education to the old members or new members of the cooperatives to create more awareness about the cooperatives.
- ☞ As giving more emphasis to other businesses is identified as another factor affecting some members' participation in their SACCOs, the management council may persuade and motivate such members who are also employed in other organizations, to actively participate in the functioning and development of their SACCOs.

- ☞ Every SACCO should appoint external accountant to work together with the cooperative accountant to control every financial transaction because dealing with business transactions requires knowledge in accounting and other related fields because some members' failure to mobilize their savings and to repay their loans before or on the specified time, may be because of lack of knowledge in accounting. Therefore, special training programs may be conducted in accounting and bookkeeping.
- ☞ Regional government should take guarantee for SACCOs to get loans from the Commercial Banks of Ethiopia or from any Bank, or Micro-finance Institutions in the country and control and monitor frequently, their transactions because lack of credit providing institutions in the region was identified as another factor that affected some members' participation.
- ☞ Most of the times, working environments spoil due to ineffective leadership of the managers or leaders. Therefore, cooperatives should facilitate conducive environments by organizing periodical trainings on local leadership and seminars to create awareness on cooperative values and principles.
- ☞ Most of the SACCOs are engaged in money transaction without plans. Therefore, it is necessary to help the SACCOs and share the knowledge in business planning.
- ☞ The SACCOs may consider liberalizing and simplifying the procedures related to collateral securities the farm women may need for starting agribusiness.
- ☞ The Regional Cooperatives Promotion Agency should strive to form SACCOs union because the gaps that are existing within the primary SACCOs may be bridged by the union.

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APPENDIX I

MEKELLE UNIVERSITY

COLLEGE OF BUSINESS AND ECONOMICS

DEPARTMENT OF COOPERATIVE STUDIES

STRUCTURED INTERVIEW SCHEDULE

FOR M.A. THESIS IN COOPERATIVE MARKETING

ON

“FACTORS AFFECTING MEMBERS’ PARTICIPATION IN SACCOs IN

GAMBELLA TOWN, SOUTH WESTERN ETHIOPIA”

PART ONE: GENERAL INSTRUCTION FOR ENUMERATOR(S)

- Make an acquaintance with the respondent before starting the interview, by first introducing yourself to the member, i.e., your name, the institution you are working for, and tell him/her the purpose and objective of the study so as to make things go smoothly and give thanks in advance.
- Ask each question clearly and patiently until respondent understands your point.
- Fill up an interview schedule according to the exact response you get from your respondent (don’t put your own opinion).
- Put the answer of each respondent both on the space provided and encircle in the choice.

PART- II- General Information

Kebele _____ Name of SACCO _____

Name of enumerator _____

Date of interview _____ Interviewee’s No. _____

PART- III- BACKGROUND ABOUT SACCOs IN GAMBELLA FOR RESPONDENTS

The establishment of Savings and credit cooperative societies in Gambella region was begun at the time Gambella National Regional State established Cooperatives Promotion Bureau in 1994 E.C. Beginning from that time up to now, the existing SACCOs have not yet achieved the goal for which they were organized by the gov’t. Most of the time, when their performance is inspected by the organizers, the result of the inspection will be reported as there is no joint/organized participation of members in both managerial affairs and business activities of their SACCOs.

Therefore, this paper is specifically designed to study the extent of members' participation in SACCOs in Gambella, identify the factors affecting members' participation in SACCOs and suggest suitable recommendations for improving participation in SACCOs.

PART- IV: QUESTIONS RELATED TO THE SELECTED VARIABLES

Sex(X_1) (Using Observation)

1. Sex a. Male b. Female
2. Is there any sort of discrimination in terms of sex in your SACCO?
 - a. Yes b. No

Age(X_2)

1. Age _____ years old.
2. Is there any condition that restricts members' participation including yours within your cooperative society in terms of age groups? a. Yes b. No
3. If your answer is yes for Q. no.2 above (under X_2), what is/are the condition(s)?

Family Size(X_3)

1. Are you the household head? a. Yes b. No
2. How many persons are there at your home including you?
 - a. < 2 b. 2 to 4 c. 5 to 7 d. 8 to 9 e. > 10
3. Based on X_3 Q. no. 1, are they all depending upon you alone? a. Yes b. No
4. If your answer is yes for Q. no.3 above (under X_3), how much do you deposit both in the bank and in your SACCO per month out of your monthly income?
 - a. Deposit in SACCO=_____ b. Deposit in bank=_____
 - c. Otherwise, specify_____
5. Does your family size have an impact on your participation in your SACCO?
 - a. Yes b. No
6. If your answer is yes for Q. no.5 above, please, specify how it affects your Participation.

7. If your answer is no for Q. no.5 above, how can your participation within your SACCO be measured in terms of times?

a. Regularly

b. Occasionally (Sometimes)

c. Otherwise, specify _____

Religion(X₄)

1. Which religion are you following?

a. Orthodox Christianity

b. Protestant Christianity

c. Catholic Christianity

d. Islamic

e. Otherwise, specify: _____

2. Does your SACCO comprise members of different religions? a. Yes b. No

3. If your answer is yes for Q. no.2 above (under X₄), are there opinion differences that some members show within your society, which may arise due to religion difference?

a. Yes b. No

Educational status(X₅)

1. Are you educated / literate? a. Yes b. No

2. If your answer is yes for Q. no.1 (under X₅), what is the level of your education? (Choose it from the following ranges)

a. Elementary school level 1st cycle (1 – 4)

b. Junior school level or 2nd cycle (5 – 8)

c. Secondary school level (9 -12)(New and Old Curriculums)

d. Certificate after 10th or 12th grades

e. Diploma and above

3. If your answer is a for Q. no.2 above, please clarify whether you can read and write or not. _____

4. If your answer is yes for Q. no.4 above, how do you carryout your duties and responsibilities given to you by the general assembly? Please, briefly explain about it.

5. Again, if yes, what do you understand about the concepts of cooperatives? Please, briefly explain about it.

6. Does your participation within your SACCO have relation with your education?
a. Yes b. No

7. If yes, how are they relating? Explain.

Occupation(X₆)

1. Do you have a job? a. Yes b. No

2. If yes, what is it? Is it a gov't employment? a. Yes b. No

3. If no for Q. no.1 above, how are you participating financially within your SACCO? Or, what is your contribution within your SACCO as a member to ensure the principle of members' economic participation? And how can you lead a life without a job?

Please, explain about this issue briefly.

4. If no for Q. no.2, what is it? Please, briefly verify it whether you are self employee (Your own business) or NGO (Working in organization or enterprise which is independent of gov't budget and control but carrying out gov't policies and or strategies).

5. Is it your occupation that instigated you to join the SACCO to participate financially?
a. Yes b. No

6. If yes, what if you had no a job; wouldn't you join a SACCO society?
a. Yes b. No

7. If no, do you mean that occupation affects your participation within your SACCO society? a. Yes b. No

8. If yes, how? Explain it.

9. Does your occupation affect your carrying out the duties and responsibilities given to you by your general assembly? a. Yes b. No

Monthly income(X₇)

1. Following your occupation, how much do you earn per month? (Choose from the range below).

- a. 100-500 birr b. 500-700 birr c. 700-950 birr d. 950-1300 birr
e. 1300-1850 birr f. 1850-2400 birr g. 2400-2700 birr h. 2700 and above

2. Does your income have any contribution to your participation? a. Yes=1 b. No=0

3. If yes, how? Explain it.

4. If no, how do you participate financially within your SACCO without income? Explain It

Saving mobilization(X₈)

1. Mobilizing savings is the major activity of SACCO society where every member's existence within the society is ensured through it. Hence, it is a mandatory for every member to mobilize his own savings and that of others too. So, the question here is that "what are the savings you mobilize and when are you supposed to mobilize each?"

2. Of the savings, have you ever passed any specific time which that particular saving is supposed to be collected? a. Yes b. No

3. If yes, when did you use to mobilize your saving based on its specified time frame?

- a. Before the specified collection period
b. On the specified period
c. After the specified period
d. Never save except the initial payment paid during formation of the SACCO

Involvement in Investment(X₉)

1. Every member of SACCO is supposed to take loan to engage in his own investment area(s) so to expand his sources of income to improve his economic capacity.

Therefore, what can you say about this issue; Are you engaged in your own small business enterprise?

a. Yes b. No

- c. Otherwise, reason out. (If you took a loan but did not engage in any investment area)

2. If yes, what is that or what are those investment area(s)? Verify.

3. Again, if yes, to which enterprise's activity did you give priority to participate actively?

a. Own enterprise b. SACCO c. Gov't organization (employer) d. NGO (employer)

Loan repayment (X₁₀)

1. SACCO society is organized by the people, for the people and is an organization of the people (Members themselves). This means that members themselves are the beneficiaries of their SACCO. Out of the benefits that members obtain from their SACCO one is getting credit service with affordable interest rate decided during the General assembly meeting. As a result, one of the areas where member's participation is measured is promptness in repaying back the loan with interest and in the specified time period. Therefore, here the question is that "have you ever taken loan(s) from your SACCO since you become a member?"

a. Yes b. No

2. If yes, how many times have you received loan(s) since you became a member and in which years? And how much?

3. Again, if yes, when did you use to repay your loan with its interest?

a. On the specified repayment period
b. Before the specified repayment period

- c. After the specified repayment period
 - d. Received but never repaid
 - e. Neither taken, nor repaid the loan
4. As you said above, for what purposes did you take loan(s).

5. As in the table above, what is the reason behind taking loan once or twice since you became a member of this SACCO? Please, give details about this case.

6. How many times have you applied for loan since you became a member?
- a. Only on b. Twice c. Three times
 - d. Four times e. Five times and above

Availability of other credit institutions(X₁₁)

1. Has your SACCO ever received any loan from another institution?
- a. Yes b. No
2. If yes, what is that institution?

3. If no, are there no credit providing institutions in the region?
- a. Yes (There are no) b. No (There are)
4. Members' participation has relation with the availability of other credit providing institutions in your locality for lending SACCOs?
- a. SA b. A c. PAD d. SDA e. D

Awareness about cooperatives(X₁₂)

1. As a member of a cooperative society, you are supposed to know at least the meaning of a cooperative, its ICA principles and values. So, what do you say about this statement? Do you know these things? a. Yes b. No
2. If yes, would you please define the term cooperative and list out the principles and Values, and also define SACCO society and mention its activities and objectives?

A Cooperative is:

Cooperative Principles are: 1. _____

2. _____

3. _____

4. _____

5. _____

6. _____

7. _____

3. A SACCO society is:

4. Objectives of SACCO society are:

5. Do you know the difference b/n SACCOs and other types of cooperatives?

a. Yes b. No

6. Do you know the reason you were organized in SACCOs?

a. Yes b. No

7. If yes for Q.no 6, would you, please, list out some of the reasons you know?

8. Do you know your rights and duties given by GA of your SACCOs in the by-laws?

a. Yes b. No

Involvement in Leadership(X₁₃)

1. Have you ever been a committee member so far or, are you a committee member at this moment in your SACCOs? a. Yes b. No
2. If yes, how do you lead the members of your SACCO to actively participate in the managerial affairs and in the business activities? Explain elaborately.

3. How do see the extent of members' participation following the leadership style in your SACCOs?
a. Low b. Medium c. High
4. If low or medium for Q. no.3 above, what was or what is the reason? Please specify.

5. Low level of members' participation resulted due to ineffective leadership:
a. SA b. A c. PAD d. SDA e. DA

Business Planning(X₁₄)

1. For loan(s) you received, did you prepare your own business plan before receiving the loan(s)? a. Yes b. No
2. If yes for the above Q. while applying for a loan, did you use to attach the copy of your own business plan with your application?
a. Yes b. No
3. If no for Q. no.1 and 2, how were you been given the loan without showing your own business plan? Please, explain about this issue.

4. Does your SACCOs have business plan? a. Yes b. No
5. If no business plan, how could you run your business without plan?

6. Low level of members' participation resulted due to ineffective leadership:

- a. SA b. A c. PAD d. SDA e. DA

Conflict resolution(X₁₅)

1. During disagreements that might arose between or among members within your society, did you use to involve in stabilizing the societal environment?

- a. Yes b. No

2. If no, reason out.

3. If yes, what are the mechanisms that you develop to resolve the conflict? List them.

4. Since you became a member, how many times have you ever resolved conflicts within your SACCO?

- a. Only once b. Twice c. Three times d. Four times e. Five times and above

5. Have you ever faced any difficulty while trying to resolve the conflict in society?

- a. Yes b. No

6. If yes, what measures have you taken to be free from that problem?

7. Conflicts within your SACCOs have relationship with members' participation in your SACCOs

- a. SA b. A c. PAD d. SDA e. DA

Rationality(X₁₆)

1. Rationality refers to the unbiased involvement of each member of the cooperative society by sharing his/her opinion with others; because whatever an activity or the condition it is, should be carried out through the consent of the general assembly.

Therefore, do you have anything to say about your involvement in your society's rational decision making or have you ever been given to give opinions on cases requiring the consent of the GA in your SACCOs?

- a. Yes b. No
2. If yes, have you ever used to give your ideas without bias and intelligently during meeting on the discussion points?
- a. Yes b. No
3. Again, if yes for Q. no. 1, when are you mostly get involved in rational decision making?
- a. Always (Regularly) b. Occasionally (Sometimes) c. Otherwise, specify.

4. If no, why?

Gov't interference(X_{17})

1. Are there conditions where government comes and interferes in the affairs of your SACCO? a. Yes b. No
2. If yes, what are those affairs? Give examples by listing them one by one.
-
-
-
3. Following Q.no. 2, you believe that there are technical conditions where government comes and interferes in the affairs of your SACCOs
- a. SA b. A c. PAD d. SDA e. DA
4. For government to come and interferes in your SACCO's affairs, does it come without your willingness? a. Yes b. No
5. If yes, what do you feel about it?
-

6. Government interference affects members' participation in your SACCOs:
- a. SA b. A c. PAD d. SDA e. DA

Promotion(X₁₈)

1. As cooperative is organized by the weaker section of the groups within the community, and to help one another, every member is supposed to preach the ideology of cooperation so as to let others join the existing cooperative or to form their own cooperative society to utilize the services. So, under this circumstance, have you ever preached the idea of cooperation and introduced new members to your SACCO society?

- a. Yes b. No

2. If no, why?

3. If yes, when did you use to carry out this duty?

- a. Regularly b. Occasionally to the mass c. Never carried out

4. Again, if yes for Q.no. 1, how many non-members did you bring to your SACCOs and joined the SACCOs since then as a result of promotion:

- a. Nil b. Only one c. Two d. Three e. Four f. Five and above

5. Did you join your SACCO by being told about the idea of cooperation by other members of your SACCO? a. Yes b. No

6. If no for Q.no.1 above, why don't you participate in promotion like what was done by others to bring you to your SACCO? What factors prevent you from doing same?

Please, reason out and list out the factors.

Suggestions that may improve members' participation in their SACCOs

Dear respondent, please here below are suggestions that may improve your participation in your SACCOs and they are given values such as 3 for the suggestion which you think is the most important, 2 for important and 1 for the suggestion which you think is not important.

Therefore, by listening very carefully to my reading, give appropriate value to each of them.

1. Treating the existing members equally and opening the gate of the SACCO for new members to enter.

2. Educating members frequently about cooperative laws and other related topics of cooperatives for awareness creation.
3. Penalizing those who do not comply with the regulations of the SACCO, financially.
4. Giving financial incentives, from the account of SACCO, to those who participate actively in the managerial affairs and activities of the SACCOs
5. Requesting the government to interfere in the managerial affairs which need technical support.
6. Increasing additional shares to enhance the capital if there is shortage of capital
7. Leaders' turnover should be made at any time without waiting for the term specified in the proclamation no. 147/1998 if problems get no appropriate solution.

APPENDIX II

MEKELLE UNIVERSITY

COLLEGE OF BUSINESS AND ECONOMICS

DEPARTMENT OF COOPERATIVE STUDIES

CHECKLIST FOR FGD

FOR M.A. THESIS IN COOPERATIVE MARKETING

ON

“FACTORS AFFECTING MEMBERS’ PARTICIPATION IN SACCOS IN

GAMBELLA TOWN, SOUTH WESTERN ETHIOPIA”

PART I: GENERAL INSTRUCTION FOR RESEARCHER

- Make an acquaintance with the selected key communicators before starting discussion, by first introducing yourself to the member, i.e., your name, the institution you are working for, and tell him/her the purpose and objective of the study so as to make things go smoothly and give thanks to them in advance before introducing the agendas.
- Introduce the discussion points or agendas to your key communicators.
- Do not direct the key communicators; Let them feel free to react openly in order to understand their feelings about the functioning of SACCOS and to raise their constructive opinions.
- Write down each and every idea they raise up like what a rapporteur does.

PART- II- General Information

Name of the Researcher: **GNIGWO GALA GNIGWO**

Date of FGD: _____

PART- III- BACKGROUND ABOUT SACCOS IN GAMBELLA FOR FOCUS GROUP

The establishment of Savings and credit cooperative societies in Gambella region was begun at the time Gambella National Regional State established Cooperatives Promotion Bureau in 1994 E.C. Beginning from that time up to now, the existing SACCOS have not yet achieved the goal for which they were organized by the gov’t.

Most of the time, when their performance is inspected by the organizers and promoters, the result of the inspection will be reported as there is no joint/organized participation of members in both managerial affairs and business activities of their SACCOS.

Therefore, this paper is specifically designed to study the extent of members' participation in SACCOs in Gambella, identify the factors affecting members' participation in SACCOs and suggest suitable recommendations for improving participation in SACCOs.

PART –IV: Discussion Points With Focus Group

Dear leaders, SACCOs in Gambella town are about to dissolve without doing any good thing for their members themselves as well as the community in general. So, you, as key community leaders and key communicators, you have great role to play to make them sustain like other business enterprises. So, please, discuss about the following key points such as:

1. What are/were the services they have been providing to their members as well as the community?
2. What kinds of improvements have been seen in the lives of the members of the SACCOs, socially and economically within the locality?
3. What is expected from you all, the key community leaders or communicators to strengthen these SACCOs?

Thank You for Your Cooperation in Giving Your Opinions on These Points!